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Technology
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Algeria Bars EU Visit To Discuss Slaughter

'Low-Level' Delegation Not 'Appropriate' Despite Earlier Indications of Welcome



Ahmed Attaf, Algeria's foreign minister, rejecting the EU mission.

By Craig R. Whitney
New York Times Service

PARIS — The Algerian government said Wednesday that it would reject a mission the European Union would send during the weekend to see what can be done to stop the six-year slaughter of tens of thousands of civilians in clashes between government forces and Islamic fundamentalists.

Anticipating sensitivity by beleaguered authorities in the former French colony, the Europeans had received indications that mid-level foreign ministry officials from Luxembourg, Britain and Austria would be welcome in Algiers if they wanted to talk about the government's efforts to combat terrorism.

But Wednesday, the Algerians barred the door.

"This is a low-level delegation which is not appropriate to discuss important matters that could have been discussed," Algeria's foreign minister, Ahmed Attaf, said in Algiers.

"We have recently been faced with reservations and hesitations from our European partners and we have been told that the EU is not ready to offer help in dealing with combating terrorism," he said.

"These elements take away the meaning and the substance of the mission and make it far away from what we wished from dialogue with the Europeans."

Officials in Paris, which has deferred to its European partners because Algeria is still too early in dealing with the French 36 years after winning its independence, said France would not object to a high-level mission if the Algerians would agree to receive it, but expressed doubt that they would.

European foreign ministers will discuss what they can do about the ongoing slaughter, if anything, at their next regularly scheduled meeting in Brussels on Jan. 26, British officials said.

The Algerian authorities have said that recent massacres of hundreds of civilians in the western mountains and in suburbs south of Algiers during the

Diplomacy On Iraq Tries U.S. Patience

Washington Adamant: Only UN, Not Baghdad, Can Choose Inspectors

By Brian Knowlton
International Herald Tribune

WASHINGTON — The United Nations Security Council on Wednesday deplored the Iraqi failure to allow an inspection team led by an American to search for weapons in Baghdad and urged Iraq to allow "unfettered access," but American officials said that their patience with diplomacy was wearing thin.

The United States is "increasingly exhausted" available diplomatic means to resolve the continuing crisis, said Michael McCurry, the White House spokesman.

The chief U.S. delegate to the United Nations, Bill Richardson, welcomed the UN declaration but added, "My optimism is waning considerably."

In what appeared to be an effort to fashion a diplomatic exit from the crisis, sparked by Iraqi complaints that American inspectors dominate the inspection teams, Mr. McCurry said the United States was not insisting on the "presence of any U.S. national" on the teams.

But he insisted again that any change in the teams' composition would be decided solely by the United Nations on the grounds of technical competence and would not be made to appease Iraq.

The State Department spokesman, meanwhile, said that he had not intended to signal a more flexible U.S. position on the composition of the teams when he told the International Herald Tribune on Tuesday that "our problem is not nationalities; our problem is professional competence."

The spokesman, James Rubin, when asked by the Reuters news agency about the report of "new flexibility" on the issue of the teams' composition, responded: "There's nothing to that. It is just an interpretation. I wasn't meaning to suggest anything new."

He added, "I strongly deny" that there has been a shift in the U.S. position.

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South Koreans stacking gold collected in a public campaign to bolster the country's depleted assets. Seoul shipped 300 kilograms Wednesday.

Korean Unionists Relent on Strikes

President-Elect Kim Gets Labor To Join Discussions on Layoffs

By Nicholas D. Kristof
New York Times Service

SEOUL — Labor unions backed down Wednesday from threats of imminent nationwide strikes as part of landmark new discussions that may make it far easier for President-elect Kim Dae Jung to authorize mass layoffs while retaining labor peace.

Labor's decision to step back from confrontation is a major victory for Mr. Kim. It lays the groundwork for legislation authorizing layoffs while reducing the risk of strikes or even riots that would have shaken the image of South Korea around the world.

"We're close to agreement with labor on resolving all issues, including layoffs, before the end of this month," Mr. Kim said Wednesday. "If labor, management and politicians can resolve this issue, we will have new hope for the future."

The unions' decision to back down helped lift the benchmark index of the Seoul stock market by 2.46 percent in record trading. The won also rose, with the dollar slipping to 1,665 won from 1,761 on Tuesday.

Major national strikes had been planned for Saturday but now seem unlikely to go ahead. Moreover, despite

widespread expectations of labor unrest, South Korea may now have a chance of getting through the next couple of months without union members filling the streets and tear gas wafting through the air.

In formal terms, what the country's two main union federations agreed to do was simply to talk. After earlier refusing

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to do so, they consented Wednesday to joining a tripartite panel with business leaders and political figures so that they can work out a deal on allowing layoffs.

Union spokesmen said that Mr. Kim had agreed to postpone deliberations on a bill allowing layoffs until the committee reaches agreement.

The legislation is widely regarded as necessary to convince the International Monetary Fund and international bankers and investors that South Korea is serious about making its labor market less rigid. It is now very difficult for large companies to lay off unneeded workers.

The unions say they still oppose layoffs, but they now sound prepared to negotiate seriously instead of just press-

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IMF Expects 'Acceleration' of Indonesia Reforms

By Michael Richardson
International Herald Tribune

SINGAPORE — The head of the International Monetary Fund said Wednesday that he expected to reach a "very solid agreement" with President Suharto of Indonesia on a "dramatic acceleration" of economic reforms, while warning that any further attempt at "easygoing implementation" would only aggravate the country's financial crisis.

The IMF managing director, Michel Camdessus, said the agreement — to be announced Thursday after he meets with Mr. Suharto — would address problems including "monopolies, governance issues, corruption and opacity in the financial sector."

The IMF chief said bluntly that "the immediate priority" of his visit to Jakarta was "to arrest and turn around the tremendous loss of confidence, and stabilize the market through monetary discipline and a dramatic acceleration of

long overdue structural reforms."

In a separate development Wednesday, the U.S. Treasury said officials were trying to set up a meeting of the world's leading finance ministers to address the Asian economic crisis, Bridge News reported from Washington.

The meeting is not expected to take place until after the Group of Seven finance ministers and central bankers meet in London on Feb. 20.

The United States plans to convene a meeting of finance ministers from key

countries around the world to explore the implications of the current financial situation in Asia and ways to deal with these challenges," a Treasury spokesman said.

The comments by Mr. Camdessus during a stopover in Singapore while he was en route to Jakarta, helped send Asian stocks sharply higher for a second day amid increasing optimism that the region's financial crisis might be com-

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In Vichy Trial, Papon Stands Not Silent, but Mute

By John Vinocur
International Herald Tribune

BORDEAUX — Marc Robert, the red-robed prosecutor, leans forward just a bit more and with his quiet, nonthreatening voice asks a reasonable question presuming a reasonable answer: why a Nazi request to arrest Americans in 1942 could be ignored, but not one concerning Jews.

The 87-year-old man facing him on the other side of the courtroom answers promptly. That was not his decision. It was a matter for Maurice Sabatier, prefect of the Gironde region, to decide and not someone like himself, his hierarchical subordinate.

Maurice Papon, accused of complicity in crimes against humanity for his part as a Vichy government official in sending 1,560 Jews from Bordeaux to their death in Auschwitz, sits back down.

Mr. Robert thinks a moment. "So when you insist you had the SS's guns at your back," he says, "it's false because when the Americans weren't rounded up, what happened?"

Three months into Mr. Papon's trial, and halfway through its 45th hearing, Mr. Robert seems to have grown tired of the old man's answers, weary of his constant retreat from the obvious or the logical. This time, the prosecutor provides the response to his own question. "Nothing," he says.

And the startled courtroom murmurs, hearing a word it knew would not come from Mr. Papon.

This trial, whose particularity is to document the nature of the French administration's cooperation with the Nazis in the extermination of the Jews, often comes down to a kind of circular, daily struggle.



Maurice Papon arriving at the courthouse in Bordeaux with his usual detail of special policemen. The face of the officer at the right was covered electronically to guard his anonymity.

monstrous finality; and on the other, Mr. Papon, the former secretary-general of the Gironde prefecture, saying, in the classic manner of Nazi war crimes trials, "I didn't know, I wasn't there, I wasn't the boss, I was on vacation that week. Literally. Or: You can't imagine how it was back then; or: I actually tried to slow things down."

This has been the central rhythm of details and denial in the seafoam green courtroom as the examination moves from trainload to trainload of Jews arrested in Bordeaux and then shipped to the Drancy camp near Paris en route to extermination — each victim passing through the hands of the prefecture's Bureau of Jewish Affairs supervised by Mr. Papon from 1942 to 1944.

Schoolchildren attend the hearings, reports on the trial frequently make the nightly television news and accounts of the proceedings reach the pages of the serious newspapers every day, but the evidence and arguments are lodged in a narrow channel of the familiar and the expected. The testimony, for the most part, brings truths rather than new hammer blows to what is left of the Gaullist myth that the nation as one resisted the Nazi occupier. In the courtroom's routine and its soft pastel light, a sense of the horror of what took place down the street some 50 years ago can seem a distant whisper.

Short of much testimony that Mr. Papon was personally odious — yet so key that his datebooks for the period refer to hunting and village festivals while neglecting the roundup of Jews — the defendant has labored at constructing a picture of himself as a

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U.S. Coalition Seeks to Relax Cuba Embargo

By Thomas W. Lippman
Washington Post Service

WASHINGTON — An unusual coalition of business groups, corporate executives, religious organizations, lobbyists, members of Congress and prominent former U.S. officials are calling for a relaxation of the U.S. embargo on trade with Cuba to permit the sale of food and medical supplies.

Calling itself "Americans for Humanitarian Trade With Cuba," the group was organized by the U.S. Chamber of Commerce, one of the most influential business organizations in the country.

In a news conference Tuesday at the chamber's headquarters here, Willard Workman, its international vice president, pledged to run a "grass-roots campaign" to enlist support for legislation introduced in both houses of Congress last year to modify the trade ban.

He and other Chamber of Commerce officials said they timed the news conference to take advantage of the at-

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Intimations of Immortality?

Chemical Increases Life Span of Human Cells

By Rick Weiss
Washington Post Service

WASHINGTON — Scientists for the first time have used a natural chemical to increase the life spans of human cells dramatically in laboratory dishes and perhaps make them immortal, prompting a flood of speculation about the potential for slowing aging and extending human life.

The work provides long-awaited proof that an unusual chemical found in young cells provides key protection against cellular aging. The chemical is not normally present in adult cells. But when the scientists provided it to aging cells, the cells regained — and have continued to maintain — their youthful vigor.

"We found that biological aging can be put on hold," said Jerry Shay of the University of Texas Southwestern Medical Center, who with colleagues there and at Genentech, a California biotechnology company, released their results Tuesday.

But other scientists were quick to urge caution. Several said there was a big difference between getting laboratory cells to divide forever and getting a per-

son's body to live longer. Indeed, some noted, cellular immortality has a bad name in medicine: It's called cancer.

"It's very interesting and it's impressive, and it's a nice piece of science," said Raj Sohal, a professor at Southern Methodist University in Dallas. "But to go from there to saying that this may help prolong life is a total leap of faith."

Even critics agreed, however, that the work would prove useful in research labs and in the biotechnology and pharmaceutical industries, where huge amounts of time and money are spent replenishing batches of cultured cells. Those cells are needed for basic genetics studies and to produce genetically engineered drugs and vaccines. It would be helpful, researchers said, if those products could be made in cell lines that were engineered to live for years, or forever.

Moreover, the work could also lead to the development of drugs that speed, rather than slow, cell death, which may be effective against cancer. And while unlikely to offer a cure for aging, the findings could lead to better treatments for a variety of diseases.

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IN HOT WATER — The Chinese swimmer Wang Lina grimacing after she finished last in a world championships B final. She and three teammates were suspended Wednesday after failing drug tests. Page 20.

EU Said to Lose Appeal on Beef Hormones

GENEVA (Reuters) — A World Trade Organization appeals body has found that the European Union is breaking global trading rules with its ban on imports of hormone-treated beef, sources said Wednesday. The three experts — in a report to be issued on Friday — ruled that Brussels had failed

AGENDA

Israelis Set Out 'Vital Interests'

The Israeli government adopted sweeping guidelines Wednesday on what Israel would regard as "vital interests" in any future negotiations on the West Bank, ranging from "security zones" to its east and west to Jewish settlements, roads and areas around Jerusalem.

But the cabinet set out only general principles rather than defined areas. Ministers said the broad approach gave Prime Minister Benjamin Netanyahu more maneuvering room in his impending meeting with President Bill Clinton.

U.S. officials, meanwhile, said they were "taken by surprise" by the Israeli cabinet's decision to hold onto large tracts of the West Bank under any peace deal. Page 4.

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THE AMERICAS

Glenn Wants to Show He Still Has the Right Stuff

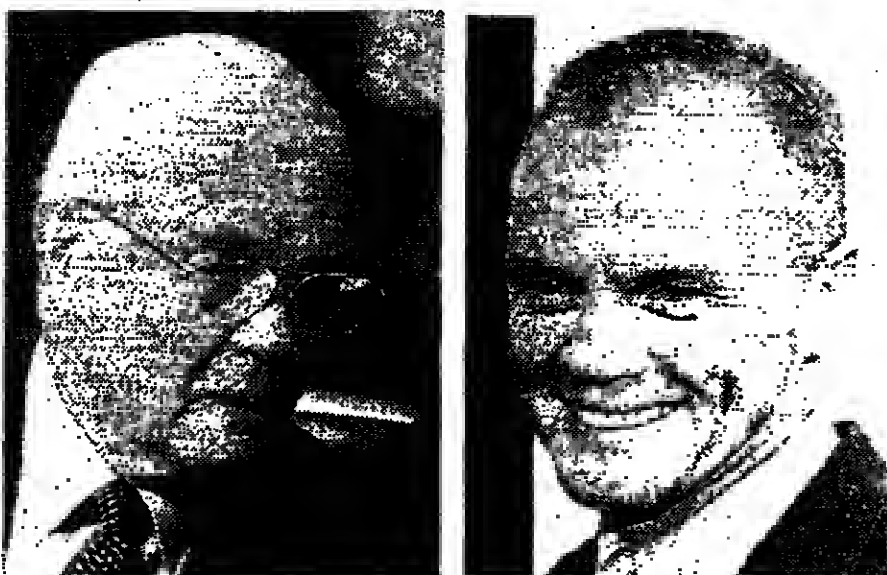
By Kathy Sawyer
Washington Post Service

WASHINGTON — Astronauts in space and elderly people on the ground have a lot in common: Both suffer from dizzy spells, weakened bones and muscle, lowered immunity, disturbed sleep and blood flow problems.

So why not send an old, bold astronaut into orbit as a guinea pig for medical research? At 76, Senator John Glenn has volunteered for the job and, by all accounts, has pressed his campaign to fly aboard a space shuttle with the same unrelenting determination the Ohio Democrat showed years ago as a fighter pilot and hero of the "Right Stuff."

The NASA administrator, Daniel Goldin, has been pondering the decision for months and, sources say, likes the idea but will not give the go ahead without a solid rationale. An agency spokeswoman, Peggy Wilhite, said there was no deadline for a decision. Officials and scientists at the space agency have declined to discuss the decision-making process, but some privately express the fear that sending Mr. Glenn would be derided as a stunt.

Politically, the exercise is extremely sensitive. "A high pucker factor," said one source, Mr. Glenn is not only a historic figure — the first American to orbit the Earth — but a sitting senator who last summer earned the gratitude of the White House when he ran aggressive interference for the president during Republican-led investigations into al-



Senator John Glenn at a hearing last year and in 1962, after he orbited the Earth.

leged White House fund-raising scandals. This makes him a hero all over again in some quarters, but it has prompted some of those who hold contrary views to oppose Mr. Glenn's return to space.

"I think he's just so embarrassed with his performance in the hearings that he wants to become a hero again," said a Cleveland man, one of about a half-dozen who called the political affairs television network C-SPAN

this week to complain about the senator's ambitions.

A White House science official said the decision to allow Mr. Glenn back into space was Mr. Goldin's alone.

"It has the aura of political favoritism," said John Logsdon, a space policy analyst at George Washington University. "But John Glenn is special. He's a trained pilot, in the physical condition of a man 30 years younger,

he's had all the experience and discipline of a test pilot and astronaut. There is no reason to rule him out as a shuttle passenger."

Mr. Glenn, who plans to retire from the Senate next year, has declined recently to give interviews about his bid to leave the planet. Capitol Hill sources say this is to avoid the appearance that he is exerting undue pressure. But he was talkative on the subject up through summer.

"I have wanted to go back up into space again for the last 25 or 30 years," he told C-SPAN when the Pathfinder landed on Mars in July. "I have been outspoken about it."

Mr. Glenn also has said more than once that he is not interested in a joy ride, that NASA should not send him unless there is a "good scientific reason."

Senator Glenn is looking forward to a decision, said his spokesman, Jack Sparks. "But he understands that NASA needs to complete their review process."

Some scientists argue there is no scientific justification for flying Mr. Glenn on an orbital mission because, as a representative of the elderly, he would constitute a statistically insignificant sample of one. Some insiders at the National Aeronautics and Space Administration also are resisting a return to anything resembling the agency's Civilian in Space program, because the concept — designed to increase public support for human space flight — brought such grief in the 1980s. The schoolteacher Christa McAuliffe died along with six other crew members when the shuttle Challenger blew apart shortly after liftoff in January 1986.

For Many Americans, Now There's Nothing but Blue Skies

By Dirk Johnson
New York Times Service

CHICAGO — Lashed by freezing rain and pummeled by gales roaring off Lake Michigan, Henry Hoorweg trudged toward the rattling El train in Chicago's Loop, entitled to feel a bit miserable. Instead, his eyes were dancing.

"These are wonderful times," said Mr. Hoorweg, a 51-year-old legal secretary, exulting over an American decade that might be called The Good News '90s: anticipated government budget surpluses, falling crime, galactic stock prices, low unemployment and puny interest rates.

To people like Mr. Hoorweg and his wife, a nurse, the national economic numbers translate into real personal gain: "We're buying a house for the first time — four bedrooms, three bathrooms, out in the suburbs," said Mr. Hoorweg. "When working folk like us can live like that, it says something."

To be sure, not everyone is riding the train to Blissville. In so many burned-out, dispirited urban pockets unknown to most prosperous Americans, sirens still wail and gunshots ring. Many blue-collar workers feel threatened by a market that smiles on companies that cut wages and workers.

And while experts warn that the good times will not last forever, on balance, Americans see an economy that is humming, judging from dozens of interviews, from San Francisco to Boston, from South Dakota to New York, and here in the capital of America's industrial and agricultural heartland.

Looking for a new job recently, Jennifer Thomas, a 26-year-old Chicago office worker, needed less than a month to find a better position, and promises of advancement, a triumph for a woman without a college degree and a background that was scarcely affluent.

"I felt pretty dismal in high school, assuming that I would be stuck in the same lower-middle-class life I grew up in — and that the only way out

than a familiar pattern of the rich getting richer. Edna Juetge, for one, a 52-year-old personnel department clerk, weary after a hard day's work, heading home to a West Side neighborhood that is thick with gangs, said she had noticed little improvement in her life.

"My salary's not going up," she said, "but my rent is. They say crime is down. But there's still plenty of shooting in my neighborhood. And

span, the Chairman of the Federal Reserve Board, to technological advances, and to a growing sense of personal responsibility.

Doin Cummings, a 26-year-old statistical analyst who grew up the son of a janitor in a rough-at-the-edges South Side Chicago neighborhood, said that the credit had to go to people pulling the weight.

"I grew up lower middle class, and now I guess I'm middle-middle class," said Mr. Cummings, who plans to marry soon and take a wedding trip to the Virgin Islands.

Ms. Thomas, the young woman who has tasted prosperity after growing up without much, agreed, saying, "Are the good times going to continue? For me, they will."

Whatever the state of the economy, many of those interviewed said there should be more to America's health than money.

In suburban Atlanta, Joan Rasputin said she could not see how life was getting any better, only more expensive.

But more than that, she lamented that whatever the size of the nation's economy these days, its spirit seemed to have taken a beating.

"There are no heroes anymore, nobody to tell my children about," said Ms. Rasputin, an artist. "In sports, all we see is people who bite off somebody's ear or beat up their coach."

America's reputed moral decay comes up in almost any conversation about the future of the country. It is difficult to find anyone over age 30 who does not complain about a youth culture — too many drugs, too many videos, too many possessions — that

they believe is morally slack. But Mary Shanahan, a 47-year-old certified public accountant in Riverside, a Chicago suburb, said people who shudder at the private peccadilloes of politicians should look back to history. And he said that people his age could hardly throw any stones at the excesses of young people.

"I lived in the '60s and '70s," he said, with a sheepish wince. "I think the moral fiber today is better than it was then."

To Frank Schwerin, a 58-year-old Chicago lawyer, there is simply too much anxiety in American life, even among the prosperous, who seem to be chasing goals that appear unattainable.

"The average work month is something like 20 hours more than it was a generation ago," he said. "Everywhere you look, both parents are working, usually because they think they need to."

What has happened, Mr. Schwerin surmised, is that people now have more money than time, and that means more stress.

"There are more activities than ever, especially where kids are involved," he said. "It's just getting harder to keep up."

Renata Kocho, a 32-year-old bank teller who moved to Chicago from the former Soviet Union six years ago, said she, too, was struck by the "busy, busy, everybody busy" nature of life in America. She questioned why Americans worry about money, when they seem, at least by comparison to the people of her home in the Republic of Georgia, to have so much.

She said she looks at Americans and often thinks: "You are healthy, handsome, you have jobs, nice houses, nice cars, money in the bank."

And then she paused, with a puzzled expression. "So why are you all taking depression pills?"

But to other Americans, the emergence of anti-depressants is simply one more indication of a nation conquering its problems, reflecting a belief that life is good.

Even Mr. Schwerin, the lawyer who voiced concerns about the focus on economic prosperity, noted that if affluence did not mean nirvana, it certainly was better than a stick in the eye. "Money may not buy happiness," he said. "But lack of money buys a lot of unhappiness."

Au Pair Program Threatened

WASHINGTON — Citing the Louise Woodward case, a Georgia Republican said Tuesday that he would introduce legislation to abolish the nation's au pair program as soon as Congress reconvenes this month.

Representative Bob Barr called the program run by the U.S. Information Agency a "waste of taxpayer dollars to provide a handful of families with cheap live-in servants that frequently receive little or no training in caring for children."

Ms. Woodward, a 19-year-old British au pair, was convicted by a jury Oct. 30 of second-degree murder in the death of Matthew Eappen of Newton, Massachusetts, an 8-month-old in her care. A judge reduced the conviction to manslaughter and sentenced her to time served — 279 days.

The au pair program lets foreign girls come to the United States to live with American families and perform domestic work and child care. About 13,000 young people, mostly European women, participate every year. They are paid \$115 weekly and receive food and lodging.

Mr. Barr's bill, which is still being drafted, would kill the existing program but would not ban the use of au pairs outright. The private organizations that now bring over au pairs under the U.S. Information Agency's oversight could continue to do so. (AP)

California Vote Heads for Runoff

SANTA BARBARA, California — With thousands of ballots still uncounted, the battle to replace Representative Walter Capps appeared on Wednesday to be headed toward a runoff on between his widow and a conservative Republican.

Lois Capps, a Democrat, will most likely face a state lawmaker, Tom Bordonaro, in the runoff March 10. Mrs. Capps finished with 62,013 votes, or 45 percent, while Mr. Bordonaro had 40,146 votes, or 29.1 percent.

But Brooks Firestone, another Republican state assemblyman, received 33,957 votes, or 24.6 percent. And about 80 percent of the 12,500 uncounted absentee ballots were from his home turf in Santa Barbara County.

The winner will serve out the remainder of Mr. Capps's term — which ends Jan. 3, 1999 — and automatically becomes the favorite in the race for a two-year term in the House in November. (AP)

A Gephardt-Gore Dinner Date

WASHINGTON — They battled for the presidential nomination a decade ago and are most likely to do so again. But Vice President Al Gore and the House minority leader, Dick Gephardt, are breaking bread together for now.

Mr. Gephardt and his wife, Jane, will join Mr. Gore and his wife, Tipper, for dinner Jan. 24 at the Gores' home on the grounds of the U.S. Naval Observatory. The occasion is purely social, a Gephardt spokesman said. (AP)

Quote/Unquote

Newt Gingrich, the House speaker, citing the projected surplus in the federal budget and calling it time to talk seriously about overhauling the Social Security system created under Franklin Roosevelt. "I know it takes some courage for elected officials to raise the issue, but I just think we're at the magic moment of transition." (NYT)

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Away From Politics

• The number of minority students who enrolled at the law and business schools of the University of California fell dramatically last autumn as a result of new rules barring the consideration of race in admissions, according to systemwide data just released by the university. The institution's academic graduate programs and medical schools, on the other hand, showed little or no change. (NYT)

• Cigarette smoking and exposure to second-hand smoke both significantly hasten hardening of the arteries, and the damage may be permanent, a new study suggests. An estimated 30,000 to 60,000 deaths in the United States each year can be attributed to second-hand smoke, wrote the authors, led by an epidemiologist, George Howard, at Wake Forest University in Winston-Salem, North Carolina. (AP)

• Federal Express Corp. will spend \$100 million over the next four years to equip its big cargo jets with the latest in safety systems. FedEx, based in Memphis, Tennessee, said installation of the new equipment would begin this year and include warning systems to help aircraft avoid other planes in the air and keep them from flying into mountains. (AP)

• Black men get prostate cancer more often than white men and are two to three times more likely to die of it, statistics that the American Cancer Society called "a disgraceful tragedy" as it urged a national attack on the disease. Copying activists who successfully raised millions of dollars to fight breast cancer and AIDS, the cancer society joined with 100 members of the organization Black Men of America to call for an immediate increase in federal prostate-cancer research to help solve the problem. (AP)

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ASIA/PACIFIC

Cohen Visits Suharto As Fears of Unrest Rise

Talks Focus on Military Ties as U.S. Officials Warn of Destabilization in Economic Crisis

By Steven Lee Myers
New York Times Service

JAKARTA — The U.S. secretary of defense, William Cohen, met Wednesday with President Suharto amid what American officials described as fears that the economic crisis in Indonesia could quickly undermine peace and security throughout Southeast Asia.

Officials here and those traveling with Mr. Cohen on his 12-day tour of Asia expressed concern that Indonesia's economic instability could lead to widespread civil unrest and even, in the worst case, disintegration of a nation with scores of ethnic groups spread over 13,677 islands.

And that, they warned, could send ripples throughout Southeast Asia.

While the economic crisis now has such countries as Malaysia, Thailand and Indonesia looking inward, the officials said a prolonged crisis could revive regional rivalries, as well as lingering hostilities that have been largely dormant while the "tiger" economies flourished.

"You can't have an Indonesia that becomes destabilized without security concerns arising in the region," a senior U.S. official said on the eve of Mr. Cohen's meeting with the Indonesian president.

While much of the Clinton administration's attention has focused on the International Monetary Fund's efforts to shore up Indonesia's economy, Mr. Cohen used his visit to try to expand U.S. military ties. The Pentagon hopes to increase its presence in Indonesia and elsewhere in Southeast Asia through joint exercises and periodic visits by U.S. warships.

Mr. Cohen's meeting, which lasted about 40 minutes, followed one on Tuesday between President Suharto and the deputy secretary of the Treasury, Lawrence Summers, who was sent by President Bill Clinton to persuade the longtime Indonesian ruler to abide by his pledges to the IMF to impose fiscal reforms.

Mr. Cohen said he repeated that message Wednesday and, like Mr. Summers, received assurances that Mr. Suharto intended to do so. But Mr. Co-

hen's meeting also focused on the broader theme of regional security.

"I am not here as any sort of financial expert," Mr. Cohen said at a news conference after his meeting with Mr. Suharto at his home in Jakarta. "I am here to talk about security issues and ways in which we can expand upon our security relationship."

During his tour of the region, which began in Malaysia and will move on to Singapore and Thailand, Mr. Cohen has sought to build on the United States' presence and strategic relationships in the region, which his aides acknowledged had not received adequate attention in recent years.

Along those lines, Mr. Cohen also announced that the United States and the Philippines had reached a tentative agreement to resume military contacts, which were cut off a year ago when the Philippines removed legal protection for visiting forces.

As for Indonesia, Mr. Cohen and his aides dismissed speculation, rampant only a few days ago, that the military might seek to topple Mr. Suharto, a former general who has served as Indonesia's president for more than three decades.

Instead, the officials said that any threat to Mr. Suharto's rule would very likely come from within — in the form of riots along ethnic or religious lines or of protests in the streets.

In the past, displays of unrest have been met with crackdowns by the military.

A senior U.S. official here also expressed the fear that the economic crisis, if it persisted, could lead to "a rise in Islamic radicalism" in Indonesia, which is predominantly Muslim, that could in turn oppose the U.S. presence in the region.

While American officials worry that Mr. Suharto has not put in place any plans for a peaceful succession, Mr. Cohen took pains to avoid any discussion of his future as Indonesia's ruler. He did note, however, that Mr. Suharto, who is 76, raised and dismissed rumors that he was ill.

"And those rumors, he felt, were contributing to the lack of stability in the region," Mr. Cohen said.



Students in Jakarta gathering in front of Parliament on Wednesday to protest President Suharto's leadership.

Dissident Defies Order to Leave China

By Erik Eckholm
New York Times Service

BEIJING — A democracy campaigner who recently called for free labor unions has defied the Ministry of State Security, refusing its demand that he leave China for the United States.

Qin Yongjun, a 45-year-old resident of Wuhan, said security agents instructed a friend last week to tell him he should immediately seek a passport and move to the United States. But in an open letter to the ministry on Wednesday, he said he would not leave.

"I'd rather give up my personal security and even my life to support the final realization of a legal opposition party and free workers' unions," he said in the letter, which was faxed to foreign news organizations.

Mr. Qin has been imprisoned several times since 1970, when he criticized Mao Zedong's Cultural Revolution in a diary. As a figure in the Democracy Wall movement of the late 1970s, he spent eight years in prison in the 1980s,

then returned to prison from 1993 to 1995 for pro-democracy activities.

He is one of several longtime democracy advocates who have dared to speak out recently, apparently emboldened after the government released the dissident Wei Jingsheng in November and sent him to the United States.

In public calls for rapid political change and the freeing of prisoners like Wang Dan, a student leader of the Tiananmen Square student movement suppressed in 1989, these advocates seem to be testing the government, feeling where the invisible line of permissibility may be as China seeks closer ties with the United States. Mr. Qin and others have recently fixed on the widespread layoffs of state workers as a ripe issue.

In a telephone interview Wednesday, Mr. Qin said it was his new campaign for independent labor unions that had led to the security agency's implied threat. Mr. Qin was the principal author of a Dec. 20 manifesto calling on workers to organize unions outside Communist Party control, pointing to the

government's signing of a United Nations convention guaranteeing the right to free unions.

The government has not yet ratified the global convention, activists note, the convention itself has wide loopholes and in any case Beijing shows no sign of allowing free worker groups.

Wei Visits French Parliament

Mr. Wei visited the National Assembly in Paris on Wednesday as part of his campaign to persuade Western governments not to play down human rights concerns in return for trade with China, Reuters reported.

Mr. Wei addressed the assembly's Foreign Affairs Committee and met Laurent Fabius, the chamber's Socialist speaker and a former prime minister.

Mr. Wei's visit "is important for us since he has fought and is fighting for human rights and democracy, and for us this is a very important cause," Mr. Fabius said. "China is a very great country, but the human rights cause is a very great cause."

Hong Kong Says Danger Is Lessening

Flu-Less 2 Weeks Indicate High-Risk Period Is Over

Reuters

HONG KONG — The government of Hong Kong said Wednesday that the high-risk period for avian flu was almost over.

It said no new cases had broken out since the slaughter of 1.4 million poultry two weeks ago and it foresaw the end of high risk from the H5N1 strain of influenza, previously not known to infect humans.

"The government says as long as there are no new cases today, it considers the high-risk period for the bird flu will be over tomorrow," government radio said.

A health department spokesman confirmed that Thursday marked the end of the high-danger period — provided there were no new cases.

"If there are no new cases of infection within the 14 days, that will indicate the main source of infection is under control," he said.

The government said it would continue to monitor the situation in case there were other sources of infection. The avian virus has killed five people, including two children, and infected a dozen other people.

The latest victim, a 34-year-old woman, was admitted to hospital before the chicken slaughter. She died of pneumonia on Jan. 11.

A World Health Organization expert also said the fact that no new cases had cropped up meant the risk was now low.

"At the moment it is definitely a good sign that we did not have any new cases since 29th December, 1997," Dr. Kiyuchi Morita of the WHO told the Hong Kong government radio.

"But in order to evaluate the effectiveness of the measure, I think, we need to do more epidemiological study," he said.

Thursday will be two weeks to the day that the mass slaughter of chickens was completed. Hong Kong also banned live chicken imports.

The government also said Wednesday that it had decided not to slaughter 60,000 ducks on local farms after tests for the avian flu virus proved negative.

BRIEFLY

51 Die in Jet Crash In South Pakistan

ISLAMABAD, Pakistan — Rescue workers battled snow and freezing rain Wednesday to retrieve the bodies of 51 people who were killed when an Afghan plane crashed into a mountain in southwestern Pakistan.

The cargo plane, a Russian-made aircraft refitted to carry passengers, went down Tuesday in a remote region of Pakistan, about 300 kilometers (188 miles) from Kandahar.

The passengers included some Taliban fighters among civilians. It is common for soldiers to be transported in refitted cargo planes scheduled to fly at night to avoid enemy fire.

Tribal Militants Kill 16 Indian Villagers

GAUHATI, India — Tribal militants attacked villagers celebrating a harvest festival in India's remote northeast, killing at least 16 people, the police said Wednesday.

About 20 rebels fired automatic

weapons at villagers, some of whom were singing and dancing around a bonfire Tuesday night in Kekerikuchi, 80 kilometers north of Gauhati, capital of Assam state, said a local magistrate, D. Hazala.

There was no claim of responsibility, but the police said they suspected one of two Bodo militant groups active in Assam.

The National Democratic Front of Bodoland has been fighting for secession from India since 1986. Its rival, the Bodoland Liberation Tigers, is campaigning for a separate Bodo state within India.

Military Leader Shot In Vietnam Court

HANOI — A senior military officer was shot dead in an army courtroom in southern Vietnam, a state paper reported Wednesday.

Colonel Vo Van Trung was shot at close range Tuesday by a subordinate, Lieutenant Colonel Nguyen Quang Thai, the paper Thanh Nien said. Lieutenant Thai then allegedly opened fire on another colleague, who was badly wounded. It was not clear whether a

trial was under way at the time.

The paper said a brief standoff occurred as military police surrounded the Ho Chi Minh City courtroom to end the drama. Mr. Thai then shot himself in the head, the paper said. He died later.

A source said the motive for the shooting was not clear, but added that the situation in Vietnam's military zone, which encompasses Ho Chi Minh City and nearby provinces, had become "complex" because of top-level command changes. (Reuters)

4 Missing Timorese Are Found Dead

DILI, East Timor — Four East Timorese have been found dead days after they were abducted from their village by a group of unidentified armed men, a local official said.

The four victims from Collima village, about 60 kilometers west of the territory's capital, Dili, were among a group of eight people seized Jan. 3, Francisco Martins Dias, a local district chief, said Tuesday. Villagers said that one of the other four abducted men had returned safely, but that the other three were still missing. (Reuters)

INTERNATIONAL

Israel Sets Guidelines for Peace Talks

By Serge Schmemmann
New York Times Service

JERUSALEM — The government adopted sweeping guidelines Wednesday on what Israel would regard as "vital interests" in any future negotiations on the West Bank, ranging from "security zones" to its east and west to Jewish settlements, roads and areas around Jerusalem.

But after long and inconclusive debate in recent weeks about alternative maps drawn up by the military and by Infrastructure Minister Ariel Sharon, the cabinet set out only general principles rather than defined areas. Ministers said the broad approach avoided a showdown in the cabinet and gave Prime Minister Benjamin Netanyahu more maneuvering room in his impending meeting with President Bill Clinton.

The decision was one of a series that will shape the position Mr. Netanyahu will bring to Washington next week. Mr. Clinton's separate meetings with the Israeli leader and with Yasser Arafat, the Palestinian leader, are the culmination of a four-month effort by the United States to rescue the faltering Israeli-Palestinian peace process.

U.S. officials immediately expressed displeasure with the cabinet's decision.

"We were taken by surprise, and it's not helpful to our ability to conduct diplomacy on this important subject in advance of the meetings," a U.S. official, quoted by Reuters, said in Washington. On Tuesday, the cabinet voted to

make no further withdrawals from the West Bank until the Palestinians satisfy a long and stringent list of conditions. In coming days, the government is expected to debate the scope of the withdrawal Mr. Netanyahu can propose.

In advance of the trip, Israeli nationalists have mounted a major campaign to prevent Mr. Netanyahu from ceding more territory in the West Bank.

More than 20,000 right-wing Israelis gathered Wednesday evening for a rally on Rabin Square in Tel Aviv. "Clinton, you're not a friend," read a poster, reflecting the hostility of many nationalists to American efforts to draw a commitment from Mr. Netanyahu to make a "credible" withdrawal from the West Bank.

The cabinet's action Wednesday stemmed from its decision in early December to postpone any action on further pullbacks from the West Bank until the government has identified its "red zones," or the areas it will not cede under any agreements. That led to a stormy debate between Mr. Sharon and Defense Minister Yitzhak Mordechai over their respective maps, of which Mr. Mordechai's was the more moderate.

Palestinians Reject Conditions

The cabinet's decision came a day after it imposed conditions for Israel's delayed troop pullback from the West Bank, diminishing the chances for a breakthrough the Clinton administration had hoped for next week. The Associated Press reported from Tel Aviv.

The Palestinians angrily rejected Israel's positions.

"With these conditions," said Nabil Shaath, a senior official in the Palestinian Authority, "the Israeli trick, which Netanyahu is trying to slip by the U.S. administration, manifests itself."

"Netanyahu is trying his utmost to torpedo the Washington meetings," he added.

Still, it was not clear whether Israel would stick to the conditions, and a senior U.S. diplomat said they should be considered as opening positions only. "We are in a negotiation process," said John Herbst, the U.S. consul general in Jerusalem. "It is not surprising for the sides to be laying out postures."

Mr. Clinton reportedly expects Mr. Netanyahu to present a detailed plan for the troop pullback — one of three to which Israel is committed by mid-1998. The Palestinians already have full or partial control of 27 percent of the West Bank and want the pullbacks to give them most of the rest. Mr. Netanyahu now envisions only one minor redeployment.

Mr. Arafat termed that position a violation of the Israel-Palestinian accords. "We are not asking for the moon," he said in Hebron. "We are asking for what has been signed at the White House under President Clinton."

Mr. Netanyahu's adviser, David Bar-Ilan, said the prime minister would go to Washington with a general outline, not specific maps. But he added that the cabinet decision was vague and "leaves leeway" for Mr. Netanyahu to negotiate.

Manila and U.S. Renew Military Tie

Pact on Joint Exercises Is Initialed

Compiled by Our Staff From Dispatches

JAKARTA — The U.S. defense secretary, William Cohen, said Wednesday that a new military agreement between the United States and the Philippines would open the way for a resumption of joint exercises and visits by American warships.

Mr. Cohen said that Washington was not seeking to re-establish military bases in the Philippines that it lost in 1992, but that the agreement initialed Wednesday would result in increasing military ties between the countries.

The "status of visiting forces" pact must be approved by the Philippine Senate.

This morning in Manila, representatives of the United States government and the government of the Philippines initialed a visiting forces agreement, Mr. Cohen said, adding that the pact "will enable the United States and the Philippines to resume major military exercises, combined training and ship visits."

The defense secretary said he was not sure when exercises might resume but that the United States was ready. Washington was forced to

leave the Subic Bay naval base and the Clark Air Force Base six years ago in a dispute over payment for the facilities.

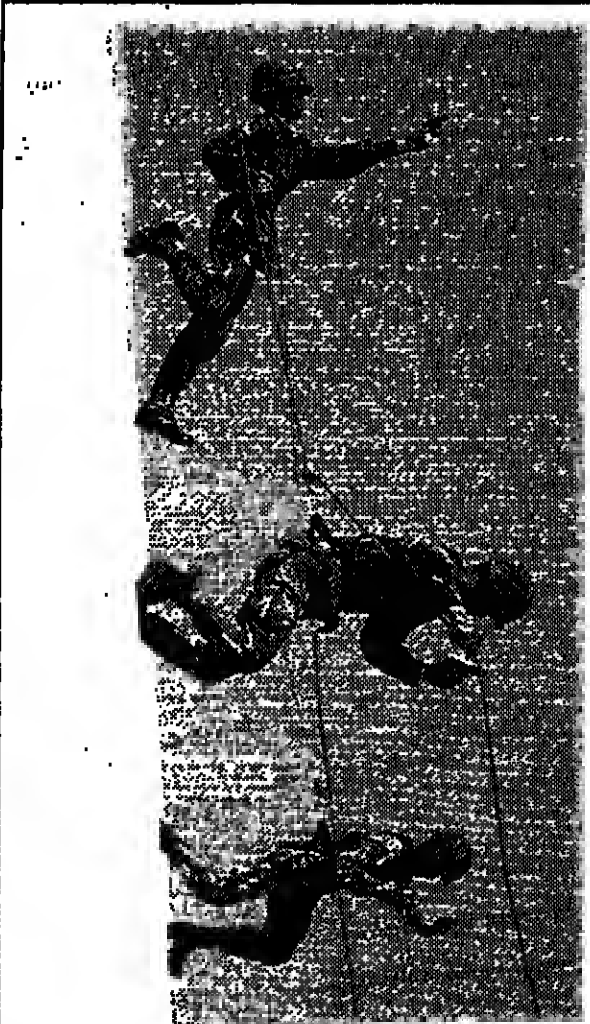
Mr. Cohen said Wednesday that the Philippines had not asked the U.S. military to establish new bases there, but there was always a possibility of such a move in the future if both countries agreed.

"We are not seeking bases there," Mr. Cohen said. "We are talking about promoting joint exercises and training."

The new agreement, similar to U.S. arrangements with Japan, South Korea and other countries, provides for the legal status of U.S. troops who might visit the Philippines during exercises or visits as well as other technical issues.

Mr. Cohen added that the agreement was another sign of U.S. determination to remain engaged in the Asia-Pacific region, where it maintains a major naval fleet and a force of about 100,000 troops.

Mr. Cohen made the announcement in an appearance at the U.S. Embassy in Jakarta while in the Indonesian capital for meetings with President Suharto and other officials. (Reuters, AP)

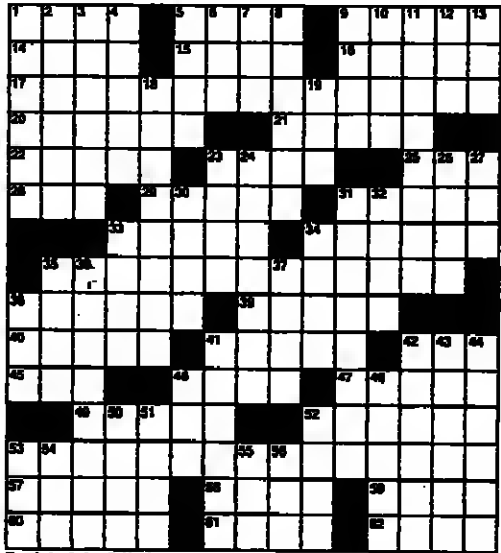


VERTICAL TRAINING — Soldiers rappelling down a wall during a drill in Tainan, Taiwan. The country is strengthening its armed forces in response to the modernization of China's military.

CROSSWORD

ACROSS

- 1 Revolutionary War commander John
- 4 Arabic leader
- 14 Popular game bird
- 16 There's no sense in it
- 18 — breath (spoken very rapidly)
- 17 Statistician's presentation
- 20 Thing
- 21 Settle down for the night
- 22 Tip
- 23 Corp. money managers
- 25 Christmas sounds
- 26 Anderson's "High"
- 29 France's — Polytechnique
- 31 Showy flower
- 32 Coastal Brazilian state
- 34 Guest on Carson's last "Tonight Show"
- 35 "I Ching"
- 36 "Allen" heroine
- 38 — — — — —
- 39 More
- 40 Big name in sports trading cards
- 41 One who's in it for the long run
- 42 Gold oak leaf
- 43 German article
- 45 Founder of Carthage
- 47 Start of many bumper sticker slogans
- 48 Patronage
- 49 Point maker
- 50 1989 World Series site
- 51 Improper
- 52 "To Live and Die — (film)
- 53 More
- 54 Heater setting
- 55 Stalk of bananas
- 56 Garm
- 58 Person who can barely run
- 59 Computer "engine"
- 60 Hairstyle
- 61 Week
- 62 Parts of binary code
- 63 Neighbor of Iraq: Abbr.
- 64 Bok — (Chinese vegetable)
- 65 Minor annoyance
- 66 Verge
- 67 Tree trunk
- 68 Dark area on the moon
- 69 Irradiability
- 70 Latin word in police dramas
- 71 Nimbus
- 72 Obsolete mail abbr.
- 73 "Little woman"
- 74 Esprit de corps
- 75 Hostile
- 76 Didn't proceed smoothly
- 77 Screw cutter
- 78 Proceeds smoothly
- 79 Part of E.T.S.: Abbr.
- 80 Part song
- 81 Sting
- 83 Chew it over
- 84 Actress Sue
- 85 Langdon
- 86 Cable channel
- 87 Tahiti, for example



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Solution to Puzzle of Jan. 14

1. REVOLUTIONARY
4. ARABIC
14. TURKEY
16. NO
18. BREATH
17. STATISTICIAN
20. THING
21. SETTLE
22. TIP
23. CORP.
25. CHRISTMAS
26. ANDERSON
29. FRANCE
31. SHOWY
32. COASTAL
34. GUEST
35. I CHING
36. ALLEN
38. MORE
39. BIG
40. SPORTS
41. LONG
42. GOLD
43. GERMAN
45. CARTHAGE
47. START
48. PATRONAGE
49. POINT
50. 1989
51. IMPROPER
52. ALLEN
53. MORE
54. HEATER
55. STALK
56. GARM
58. PERSON
59. COMPUTER
60. HAIR
61. WEEK
62. PARTS
63. NEIGHBOR
64. BOK
65. MINOR
66. VERGE
67. TREE
68. DARK
69. IRRADIABILITY
70. LATIN
71. NIMBUS
72. OBSOLETE
73. LITTLE
74. ESPRIT
75. HOSTILE
76. DIDN'T
77. SCREW
78. PROCEEDS
79. PART
80. PART
81. STING
83. CHEW
84. ACTRESS
85. LANGDON
86. CABLE
87. TAHITI

EUROPE

French Unemployed, Keeping Up Pressure, Call for Day of Protest

By Anne Swardson
Washington Post Service

PARIS — Organizers of widespread unemployment protests, saying general support for their cause was on the rise, said Wednesday that they would press forward and called for a day of national demonstrations Saturday.

With unemployment stuck at 12.4 percent, Prime Minister Lionel Jospin and his governing Socialist Party were hatching for a battering from businesses opposed to a proposed reduction in the workweek from 39 hours to 35 as well as the threat of wider disruption by the jobsless.

On Tuesday, as many as 7,000 people turned out for marches in Paris, and a larger number demonstrated in Marseille. In Paris, about 700 protesters broke into the commodity futures market and occupied it for four hours until the police used tear gas to evict them. Eleven police officers were hurt.

"We are passing from sympathy to solidarity for our commitments," said Claire Villiers, spokeswoman for one of the protesters' groups.

The movement began last month, when a handful of the unemployed — aided by activists from the Communist-led CGT trade union — took over a local unemployment benefits office in Marseille. At its peak last week, about 30 such centers were occupied, out of more than 600 around France. The protesters demanded a year-end bonus of 3,000 francs (\$490) in their unemployment benefits and an increase in other social payments.

On Friday, Mr. Jospin said the government would spend an additional 1 billion francs to help out the poorest of

the unemployed, but the protesters rejected the offer as insufficient.

On Saturday, the police cleared the unemployment offices, throwing the occupiers into the street. Since then, the protesters — perhaps a core of several thousand around the country — have been occupying other public offices and parks.

So far, Mr. Jospin has stayed high in the opinion polls thanks to a pragmatic, nonideological approach in which he has stuck with some of his leftist campaign promises, such as a future reduction of the workweek, while privatizing some businesses, which he said he would not do. Economic growth is relatively strong, but France's high unemployment has not budged and the electorate may be becoming impatient.

As always in France, the question is whether the movement will spread into a wider violent protest that must be expensively bought off by the government or whether it will peter out on its own. The French government has little extra money to inject; it is under pressure to keep the budget deficit down in order to meet the criteria for the planned European single currency when members are chosen in May.

Guy Sorman, a commentator and writer, said in a telephone interview that Mr. Jospin's hands were tied because the agitators were as much professional activists as genuinely unemployed people. Such factions, he said, are less interested in political dialogue than in sowing the seeds of discord.

"You don't know if they are representatives," Mr. Sorman said of the demonstrators. "You don't know who they are. You know if you accept their demands, the general response will be negative because to do so you'd have to raise taxes on companies and then you have more unemployment. It's a Catch-22."

Finance Minister Dominique Strauss-Kahn said Wednesday that the 1 billion francs for the poverty-unemployment payments did not represent new spending, though he did not say where the money had been found. With the French unemployment rate of 12.4 percent, about 3 million people are on the unemployment rolls. More than one-third of them have been jobless for a year or more.

The crisis has led to a split in Mr. Jospin's leftist governing majority. Some of his allies in the Communist and Green parties, with whom he has an informal governing alliance, objected strongly to the police evictions of the unemployment centers Saturday. On the other side, Mr. Jospin is being hammered by the right and by business associations for his 35-hour workweek proposal.

Interior Minister Jean-Pierre Chevènement, responding Wednesday to criticism of police treatment of the protesters, said that "the police are there for the protection of everyone" and that the occupation of the chamber of commerce was "illegal."

Mr. Jospin said nothing about the protests, but complained earlier about the "overmediatization" of the situation and said the protesters should "be respectful of social rules and the law."

Jospin Hits A Nerve With Dreyfus Barb

Reuters

PARIS — The National Assembly broke into pandemonium Wednesday over the Dreyfus Affair of 100 years ago, showing that the historic miscarriage of justice can still be a hot issue in France.

Ushers threw a protective cordon around Prime Minister Lionel Jospin as conservative deputies poured out of their seats and angrily surged toward him when he recalled that the French right had nearly unanimously opposed Dreyfus.

Alfred Dreyfus, a Jewish captain in the French Army, was arrested in 1894 and sentenced to life in prison on charges of spying for Germany, but cleared in 1906 after a long controversy that divided the country.

Mr. Jospin presided over a national ceremony Tuesday marking the 100th anniversary of Emile Zola's "J'accuse," an influential newspaper editorial in which the writer took up Dreyfus's defense.

On Wednesday, Mr. Jospin brought up the Dreyfus case while answering a parliamentary question about how France planned to make up for its role in the African slave trade in the 17th and 18th centuries.

"The left was certainly for abolition and that was not the case of the right," Mr. Jospin said, adding, "Just as the left was for Dreyfus and the right was against him."

The prime minister later halfheartedly tried to make up for his attack, but the assembly's conservative members had all left the hall amid cries of "Resign! Resign!"

"I was only taking note of historic truths," Mr. Jospin said. "I didn't say that the right of today was against Dreyfus."



Gerry Adams, president of Sinn Féin, leaving the funeral of Terry Enright, who was killed on Saturday.

In Belfast, a Precarious Plan for Peace

Encouraged, Both Sides Admit That New Attacks Could Kill Any Pact

By James F. Clarity
New York Times Service

BELFAST — While encouraged by the new willingness of both sides finally to grapple with details after 19 months of peace talks here, both Catholic and Protestant leaders fear that the effort remains vulnerable to fringe groups determined to wreck an accord.

Most officials agree that the proposals put forward Monday by the British and Irish governments, which laid out a map that could direct the talks on the future of Northern Ireland toward a settlement, were an important step toward ending the sectarian warfare that has killed 3,233 people since 1969.

But the plan could not negate the fact that in the last three weeks, one Protestant — Billy Wright, the leader of a renegade Protestant paramilitary group — and three Catholics have been killed in paramilitary attacks. If such attacks continue, mainstream leaders on both sides repeatedly warn, they could kill the peace effort as well.

Former U.S. Senator George Mitchell, who is chairman of the talks, said in an interview: "I try not to get too optimistic or too pessimistic. There is an up and down in this process."

"It's a matter of great concern that there are people outside this process who are determined to wreck it, with murder and other acts of violence."

The issue of disarmament of the Irish Republican Army and Protestant paramilitary groups was barely mentioned in the proposals put forth Monday at Stormont, on the edge of Belfast.

The disarmament issue, which delayed the start of negotiations for four years, now lies inert in a subcommittee. But eventually it must be dealt with, and it could still delay or kill any political agreement.

The tentative deadline for an agree-

ment, set by the Irish Republic and Britain as sponsors of the talks, is May. But the fear of many here is that continued violence will slow the talks further and make it difficult for Protestant and Catholic leaders, who would then appear to be negotiating with representatives of terrorists.

David McKittrick, the author of several standard works on Northern Ireland, said, "They're heading for a May deadline for the talks, and both Republican and Loyalist splinter groups will be trying to make sure an agreement doesn't come about."

Mo Mowlam, Britain's secretary for Northern Ireland, expressed tempered optimism.

"The problems before Christmas had been that people knew what they wanted to talk about, but no party had been prepared to put down its cards on

towards an internal solution, we will reject it."

"Internal solution," in the parlance of the peace talks, means the creation of a new Northern Ireland legislature after the election of Catholic and Protestant members, but without corresponding moves toward a united Ireland free of British control.

To Protestant leaders, who want the province to remain British, a united Ireland is an abomination. And London and Dublin have guaranteed that no change in the status of Northern Ireland will be made without the consent of the Protestant majority in a referendum.

This makes it virtually certain that no agreement will include a united Ireland, the traditional goal of Sinn Féin and the IRA.

Squaring that circle is the essential problem. Ms. Mowlam, the highest-ranking British official in the province, said any party may propose anything, so Gerry Adams and Martin McGuinness, the principal Sinn Féin negotiators, are sure to press for a united Ireland, mostly to fend off criticism that they are abandoning a basic goal.

Mr. Adams said he could accept an interim compromise — establishing closer ties with Dublin — that he hopes would persuade the IRA to maintain the cease-fire it resumed last July. But if the IRA disagrees and resumes its violent campaign to end British rule, that would surely provoke Protestant paramilitaries to retaliate, possibly even against targets in the Irish Republic.

Particularly repellent to Sinn Féin is a proposal to create a Council of the Isles, which would link Northern Ireland, the Irish Republic, Scotland and Wales in a consultative body. Sinn Féin sees this as a device to strengthen the union with Britain that it wants to break. Protestant leaders, such as David Trimble of the Ulster Unionist Party, think the council is a great idea.

NEWS ANALYSIS

the table first," she said Tuesday. "We now have some cards on the table, and I hope it allows us to start talking."

But she added, "As we all know, the devil is in the detail."

The first cards played by the largest parties, the Social Democratic Labour Party, which mostly represents Catholics, and the Ulster Unionist Party, representing Protestants, were face-up general approval of the two governments' proposals.

But the first card played by Sinn Féin, which represents the overwhelmingly Catholic Irish Republican Army, was an apparent attempt to bluff the larger parties, if not to trump them.

Mitchell McLaughlin, Sinn Féin's national chairman, referring to the Protestant parties, said of the proposals: "Many would see it as a sop to the Unionists and Loyalists, and Sinn Féin intends to test that vigorously. And if we decide this is an attempt to move

Bonn Probes Neo-Nazi Acts in Army

Reuters

BONN — A parliamentary committee began an inquiry Wednesday into neo-Nazi activity in the German Army following a string of embarrassing revelations last year.

The inquiry was demanded by opposition politicians in December after it emerged that a convicted neo-Nazi bomber, Manfred Roeder, had been allowed to address an elite military academy in 1995.

The government says the investigation is unnecessary. "This will not produce any substantial new facts," Defense Minister Volker Rühle said.

But Chancellor Helmut Kohl's Christian Democrats decided not to submit alternative proposals to the opposition Social Democrats' plan for a wide-ranging probe.

"The whole army should not, however, be dragged in front of the investigative committee and placed under general

suspicion," said Paul Breuer, the Christian Democrats' top representative on the committee.

Mr. Rühle appealed to committee members not to indulge in scoring political points. "Anyone who tries to defame the army as a whole will only damage themselves," he said.

The scandals, which the government has admitted have damaged the standing of the German Army abroad, have included amateur videos of recruits singing neo-Nazi songs and allegations of a widespread trade in banned Nazi paraphernalia in army barracks.

The Christian Democrats and their coalition partners have said the army is best placed to investigate the extent of neo-Nazi attitudes and incidents. The party said they were isolated cases involving individual soldiers and do not represent a trend.

Mr. Roeder sought access to the committee proceedings on Wednesday but was told it was not a public hearing.

PAPON: In the Courthouse in Bordeaux, the Defendant Stands Not Silent, but Mute

Continued from Page 1

reasonable, responsible civil servant. He stands erect in the defendant's box, and with his narrow, mandarin's head held high, seems to be making a painstaking effort to appear distinguished.

In this projected version, Maurice Papon was a duty-conscious man who would, quite logically, acquire the status of a member of the Resistance, become a high Paris police official in the 1950s and 1960s and reach the level of cabinet minister under Valéry Giscard d'Estaing until his past became problematic in 1981.

Pushed to the extreme, the old man characterizes himself as another victim, a scapegoat chosen by people in power seeking to impose on history their version of French guilt and disgrace in World War II.

When he is not saying he was too far removed to have responsibility for the awful things that happened in Bordeaux, that the ugly matters were left to Mr. Sabatier, his superior, or Pierre Garat, his subordinate, Mr. Papon insists hard on his respectability. So, when Mr. Robert asks him why his desk diary mentions events from every aspect of his life in 1942, but avoids the trains packed with Jews, he replies (to more murmurs from the courtroom) that this is because "they're so etched into the mind and body that it's purposeless to transcribe them."

The spectators react in the same astonished way when he is asked to give his reaction to a situation in which Vichy officials were described as clearly pursuing individual Jews beyond the parameters of their own regulations: "If I were to participate in a trial of Vichy," Mr. Papon says, "I'd be a plaintiff."

There is more. Mr. Papon exonerates a Bordeaux police official as "a collaborator and anti-Semite" and says his permanent instructions to the Jewish Affairs staff could be summed up as "no extra effort." He insists that he said back then that "there were to be no initiatives favorable to the German authorities. Each time that it was possible, the idea was to negotiate, discuss, stall, gain time. Those were the permanent instructions."

As for the Nazis, he told the court last week that he and his colleagues were "completely taken advantage of" by

them and that "O.K. then, I committed a crime of naïveté" in "not believing the Germans capable of doing what they did." For good measure, Mr. Papon added that "relationships were stained by the hypocrisy characteristic of the German race."

But when it comes to details of the train on Sept. 21, 1942, that took 71 Jews, including 13 children, from the main station in Bordeaux to their deaths, Mr. Papon is of no help at all to Mr. Robert as he probes for details in a dossier that is short of them. "I wasn't there," Mr. Prosecutor, Mr. Papon replies. "How could I know?"

Later, in the 45th hearing, the court listens to the testimony of Yvette Silva, a dental assistant living in Bordeaux, who tells the story of her late mother-in-law, Marie Louise Reille, interned and sent to Auschwitz by Mr. Garat, who overruled a judgment by a local police official that

she was a Catholic. The account is extraordinary because Mrs. Reille is somehow able to throw into the streets of Paris an unstamped letter to her husband from a bus transferring her to the Drancy camp in September 1942. The letter reaches him and, through contacts in the Vichy government, he is able to prevail miraculously on the Nazis.

According to Mrs. Silva, Mrs. Reille is pulled out of the extermination machinery — "an immense smoking chimney" — and "a mountain of valises" — on the railroad ramp at Auschwitz and, with her suitcase, is returned under German guard to France.

The testimony describes the late Mr. Garat as again refusing to classify Mrs. Reille as a Catholic after her return from Auschwitz and after she tells him in the offices of the prefecture that he sent her "to a death camp, to an extermination camp."

A complaint against Mr. Garat was filed after the war and a letter written to the authorities concerning Mr. Papon, but they came to nothing, Mrs. Silva says.

Judge Jean-Louis Castagnede turns to Mr. Papon and asks, "How do you explain this if you go back to the instructions you gave — 'no zeal'?" "This is a strange, dark affair," he replies. "I wasn't aware of it."

The trial, which has been slowed by postponements relating to Mr. Papon's health, is expected to wind up in late March or early April.

Norway's Restaurateurs Fume at New Law

The Associated Press

OSLO — Anti-smoking laws have left Norwegian restaurants so squeezed for space that one restaurant proposes anchoring off tables in its smoking section.

"How else am I going to make up for what I am losing on the new smoking law?" the Dagbladet newspaper quoted a restaurant owner, Ivar Laukholtm, as

saying Tuesday. "What am I going to do if a nonsmoker sits at a smoking table? Should I add a smoke fee?"

Under stricter laws that took effect Jan. 1, at least half of all seats in restaurants and bars must be smoke-free. But even nonsmokers seem to prefer sitting with friends who do smoke, leaving smoke-free sections almost empty.

EU Supports Beef Exports From Ulster

Move to Ease Global Ban Needs Members' Approval

By Barry James
International Herald Tribune

BRUSSELS — The European Commission recommended Wednesday a resumption of beef exports from Northern Ireland in the first relaxation of the global ban on British beef it imposed in March, 1996 to stem the spread of "mad cow" disease.

But the recommendation still has to be approved by the European Union's veterinary committee and member governments, and officials said it could be several months before the relaxation could come into effect.

The commission said its recommendation would apply only to cattle aged between 6 and 30 months from herds that have been certified as having no cases of mad cow disease, or bovine spongiform encephalopathy, for the last eight years.

Experts said approval of the commission's recommendation was not certain because several countries, including Germany, remain opposed to any relaxation of the global ban until the United Kingdom is certified free of bovine spongiform encephalopathy.

The issue could come before a meeting of agricultural ministers in February.

The global ban was imposed after British scientists established the probability that bovine spongiform encephalopathy could be transmitted to humans as a fatal brain affliction called Creutzfeldt-Jakob disease.

An exception was made for Northern Ireland because it has had a computer system in place for the last 10 years that allows it to trace the movements of all animals. The province also has a low rate of bovine spongiform encephalopathy, with 95 percent of more than 24,000 farms reporting no cases during that period.

The ban has had a major economic impact in the province, where about 85 percent of farmers are involved in beef production.

Northern Ireland has had 1,766 cases of bovine spongiform encephalopathy since 1988, but reported only 27 cases last year, a small number in comparison with the nearly 170,000 cases in mainland Britain.

Britain has had a compulsory check on cattle movements only since July, 1966.

Smaller outbreaks have been reported in several other European countries. Scientists believe the disease became epidemic in Britain because of the practice of feeding cattle ground-up animal remains. The Northern Ireland farmers appealed against the ban on the grounds that most of their beef cattle is fed on grass.

Last month, the United States banned imports of beef and lamb from 21 European countries to prevent contamination by bovine spongiform encephalopathy.

The EU, meanwhile, is threatening to bar imports of tallow and gelatin from the United States because it says these products are not adequately protected against bovine spongiform encephalopathy contamination.

BRIEFLY

Envoys in Brussels Hit by 'Carjackings'

BRUSSELS — At least 12 foreign diplomats have fallen prey to a tide of luxury-car snatching in the Belgian capital, the Foreign Ministry said Wednesday.

The Brussels public prosecutor's office said last week that at least 160 luxury cars, including Mercedes, BMWs and Porsches, were hijacked last year, mostly in the last four months.

Among the diplomats who have fallen victim to carjackings — where drivers are forced to hand over cars, usually at gunpoint — were the German ambassador to NATO, Hermann von Rittow; the European Union's social affairs commissioner, Padraig Flynn; and the Palestinian Authority's ambassador to the European Union, Chawki Armali.

The police said they had set up a special squad to combat the carjacking surge.

Germans to Examine Tenerife Suicide Cult

HAMBURG — A team of German detectives prepared to travel to Spain on Wednesday to investigate whether an alleged donkey sect's suicide hid on the island of Tenerife could be punishable under German law.

The Spanish police said they had foiled two mass suicide attempts on Tenerife in the Canary Islands by followers of Heide Fritkau-Garhe, a German psychologist who was arrested Jan. 7 and accused of planning to induce the 31 members of the sect to kill themselves.

A police spokesman in Hamburg said three investigators would fly to Tenerife on Wednesday to investigate reports that children were involved in the suicide plans, which could lead to charges of attempted murder or manslaughter.

The sect members, most of whom were German, believed the world was going to end last Thursday and a spaceship would rescue their souls.

Party Abandons Romanian Coalition

BUCHAREST — The Social Democrats withdrew their support for Prime Minister Victor Ciorbea on Wednesday and called for talks to form a new coalition government in Romania, a top party official said.

The Rompress news agency quoted Adrian Severin, the party's vice president and former foreign minister, as saying, "This is the only solution, as our party no longer has confidence in the present government formula and in the prime minister."

The Social Democrats stopped short of leaving the central administration in which they are the second largest of four parties. Mr. Severin said the party would remain within the coalition in a "caretaker capacity," Rompress reported.

But the decision, overwhelmingly approved at a special conference, amounted to an ultimatum to Mr. Ciorbea to step down to pave the way for a government more intent on proceeding with market reforms.

U.K. Report Finds Air Pollution Is Fatal

LONDON — Air pollution may cause the premature deaths of up to 24,000 people in Britain each year, according to a government report that could bolster calls for action against traffic congestion.

A panel of top medical experts also linked 12,000 to 24,000 hospital admissions a year to poor air quality.

The report on the short-term impact of air pollutants — mainly traffic fumes and power station emissions — revealed that those with asthma and breathing difficulties were affected most.

The highest threat in British cities comes from dust particles, mainly from diesel fuel, which lead to about 8,100 deaths a year.

INTERNATIONAL

Still Ahead for the U.S.: Bigger Arguments With and About Saddam

By Steven Erlanger
New York Times Service

WASHINGTON — After all the drama of last November, the Clinton administration finds itself back where it started with Iraq: in another annoying and potentially explosive confrontation with Saddam Hussein over United Nations weapons inspectors.

It is the same dispute as last time, when all the permanent members of the Security Council agreed that Mr. Saddam could not dictate the makeup of the weapons inspection teams.

"It does simplify things," a senior White House official said.

But since that last crisis Iraq has at least succeeded in shifting the debate among the Security Council members toward when and whether to offer Baghdad some "light at the end of the tunnel" of the sanctions. And it has so far succeeded in keeping the inspectors out of sites it has ruled off limits.

Mr. Saddam backed down last time, allowing inspectors to return to Iraq and

withdrawing his objection to American participation on inspection teams, and officials suspect he will do the same now. But he agreed only after the Russians, acting on behalf of the Security Council, convinced him that Moscow would work to ease the sanctions if Iraq complied.

NEWS ANALYSIS

For Mr. Saddam to renege on that agreement now only makes it harder for the Security Council to show Baghdad that "light," American and NATO officials said, expressing puzzlement as to why he has chosen to challenge them again on this same issue.

Perhaps, they said, Mr. Saddam was diverting attention from the sensitive sites the United Nations wanted to visit or perhaps Baghdad wanted to test the cohesion of the Security Council yet again, but they did not pretend to know.

They did agree, however, that the main argument is still to come over Iraq, and it is not about composition of the inspection teams. It is about where the in-

spectors can go and how long they should pursue each category of banned weapons and then about how long strict economic sanctions should remain on Baghdad.

And in that battle America's real negotiations, as usual, will be with the other permanent members of the Security Council, where Mr. Saddam has again forced the debate and tested the endurance of the coalition against him.

As Secretary of State Madeleine Albright called her British, French and Russian counterparts, a senior administration official said, "The question is not whether the situation is different today, but whether the willingness of Saddam's erstwhile friends to stand up for their own resolution is going to fade over time."

The presumption among White House and State Department officials is that the French and Russians, who have been most critical of Washington's unbending policy toward Iraq, will stick with Washington, as Britain has always done, on the question of the makeup of the inspection teams.

The French Foreign Ministry issued a

statement in Paris "profoundly" regretting the Iraqi decision to obstruct the inspectors and reminding Iraq of its obligations to cooperate with them "fully, immediately, unconditionally and without restrictions."

And senior administration officials said they expected the Security Council to issue a strong statement in the next couple of days condemning Iraqi non-compliance. They said there was general annoyance with Iraq in the Security Council, which only seems to undermine Iraq's longer-term aim of dividing the permanent members over the larger sanctions policy itself.

"We've had many crises," the State Department spokesman, James Rubin, said. "We've had many times in which Saddam Hussein has sought to dictate terms. And each and every time, he's backed down in the face of the united view of the British, the French, the United States, the Russians and other members of the Security Council. And on this issue, they are united."

But they are divided on other ques-

tions, like how to treat his claims of presidential immunity over numerous sites in Iraq and how to inspect "presidential palaces," if allowed to do so.

More important, the French and Russians explicitly say they want to give Mr. Saddam some sense of "light at the end of the tunnel" after nearly seven years of sanctions and to help ease the plight of ordinary Iraqis.

These are the harder issues for Washington to manage and they will come up this month, too, in the Security Council. Last week in Paris, senior American and NATO officials said, Undersecretary of State Thomas Pickering and French officials spoke about French ideas to give Mr. Saddam and Iraqis some sense of progress.

The French are proposing that the United Nations "close the files" on Iraqi possession of missiles and nuclear weapons and move on to "long-term monitoring" by the United Nations, which is somewhat less intrusive. The French would keep the files open on Iraqi possession of biological and chem-

ical weapons, about which less is known and more cheating has been discovered. The French and Russians would also like to begin easing the strict economic sanctions on Iraq as an acknowledgment of progress on missiles and nuclear weapons.

The Americans are considering whether it makes sense to close a file or two, officials said. But Washington is not convinced that a period of confrontation with Iraq is a good time to do it. And Washington is adamantly opposed, the officials said, to any "gradualism" in easing sanctions in response.

"The French idea is to show the Iraqis that there's light at the end of the tunnel by checking off on a file," an official said. "But we insist on full compliance before any sanctions are lifted."

The chairman of the UN inspection effort, Richard Butler, is due to go to Iraq on Monday and report to the Security Council about Jan. 23. "A lot depends on what he finds and does," a senior official said. "What we choose to do is dependent on Saddam's degree of defiance."

IRAQ: U.S. Patience Is Being Tried

Continued from Page 1

sition. Efforts to broaden the international makeup of those teams became more apparent Wednesday.

In Paris, a diplomatic aide to President Jacques Chirac said that Security Council members had decided in December to "lower the American profile" in the monitoring process.

The French official said the new approach had been accepted by all the governments on the Security Council after a lengthy series of exchanges, but not formally adopted or publicized.

So far, he said, there had been few actual changes because of the time required for governments to find experts and submit their names to Richard Butler, the chief UN weapons inspector, for approval and assignment.

The French official made it clear that both Washington and Paris backed this decision to push for greater diversity in the inspection teams as a way of neutralizing Baghdad's complaints about U.S. influence without watering down the quality or results of the inspection process.

Russia said Tuesday that it had offered 60 new experts and the UN confirmed that China had offered three experts, apparently a first for Beijing. Italian and Canadian inspectors have also been added.

On Wednesday, the Security Council called Iraq's barring of the American-led inspection a "clear violation" of UN resolutions, the fourth such declaration since the crisis erupted in November.

The council gave its full backing to the Mr. Butler, who returns to Baghdad on Monday for talks with Iraqi officials.

Mr. McCurry, however, expressed a sense of mounting frustration.

"We are pursuing, and increasingly exhausting, the diplomatic avenues that are available," he said in a news briefing, reiterating that military action had not been ruled out.

It appears unlikely, however, that the Clinton administration will take such action before Mr. Butler reports, in more than a week, to the Security Council on his Baghdad visit.

"We'll have to see the results of his mission," a State Department spokesman, James Foley, said. "If he has not found compliance on that visit, then we're going to face decisions in New York in the first instance."

A spokesman for the UN inspection commission in New York, Ewen Buchanan, confirmed that it was seeking to recruit more staff members from other countries, but said the requirement for expertise in such areas as Scud missile technology or chemical or biological weaponry meant the available pool was small.

Tariq Aziz, deputy prime minister of Iraq, accused the commission of "procrastinating" in recruiting new staff members. In a broadcast news conference from Baghdad, he said that "not only the Americans and British are experts on disarmament."

A UN inspection team headed by an American, Scott Ritter, was barred Tuesday and Wednesday from touring suspected weapons sites. Iraq has called Mr. Ritter a spy, which American officials stoutly deny. Other teams were allowed to carry out their work.

Mr. Butler said he had no plan to change the makeup of Mr. Ritter's team.

Baghdad's Nemesis: An Ex-Marine Turned Inspector

By Philip Shenon
New York Times Service

WASHINGTON — Among the dozens of United Nations inspectors who travel into and out of Iraq in the search for poison gas and other weapons of mass destruction, William Scott Ritter Jr. was bound to be a special thorn in the Iraqis' side.

Some of his UN colleagues are specialists in chemical weapons, while others are inspectors with backgrounds in the science of germ warfare or nuclear weapons.

The 36-year-old former Marine captain is responsible for investigating the methods used by the Iraqis to hide their stockpiles of weapons from international inspection.

And so it was no surprise, his colleagues say, that the Iraqis would charge that Mr. Ritter, who has worked for the

UN Special Commission on Iraq since he left the Marines in 1991, is an American spy.

"A lot of what Ritter does has focused on the area that the Iraqis are most sensitive about: what we consider to be their concealment activities," said Charles Duelfer, deputy director of the special commission, which is responsible for the inspections imposed on Iraq after the 1991 Gulf War.

Mr. Duelfer said the idea that Mr. Ritter might be a spy for the CIA "is a joke—everybody around here finds that terribly amusing." He added: "The truth is that Ritter is a man who is very dedicated to his job. He's a very energetic, tough-minded inspector."

Mr. Ritter has repeatedly infuriated the Iraqis, notably last month when he led a team on a surprise inspection of a lakeside resort often used by President Saddam Hussein.

The inspection, which resembled a commando raid, brought fierce protests from the Iraqi government, which has insisted that it is concealing nothing from the United Nations.

In 1995, Mr. Ritter led an inspection team that discovered that missile guidance parts were being smuggled into the country through Jordan in violation of the international arms embargo imposed on Iraq after the war.

Tariq Aziz, deputy prime minister of Iraq, has called Mr. Ritter a troublemaker, while the official Iraqi news agency accuses him of "falsifying facts, inventing lies, deliberately prolonging the process and sending false reports to the Security Council."

Mr. Ritter, who has described the spying allegations against him as "absolutely untrue" and "insulting," has a background in military intelligence.

During the Gulf War, he was assigned

to American military headquarters in Saudi Arabia as an intelligence analyst responsible for reviewing satellite photographs of the battlefield to determine the damage done to Iraqi forces by American bombs.

He joined the Marines in 1984 after graduating from Franklin and Marshall College in Lancaster, Pennsylvania, and was first assigned to a brigade in Twenty-Nine Palms, California. Before his assignment to Saudi Arabia in 1990, he was stationed for two years at the Defense Nuclear Agency, which studies nuclear weapons and atomic-energy issues for the Pentagon.

"A lot of our inspectors either come from military backgrounds or are active-duty military," said Mr. Duelfer of the UN Special Commission. That makes sense, he said, "because in some ways our inspections are a little bit like military operations."

AGE: Immortal Cells?

Continued from Page 1

At the center of the excitement are molecular structures called telomeres, which enshroud the tips of all 46 chromosomes inside human cells. Telomeres are like the plastic protectors at the ends of shoelaces; they keep the tips of chromosomes from becoming frayed.

Each time a cell divides, its telomeres grow shorter. In youthful cells, an enzyme called telomerase quickly rebuilds them. But in older cells, that enzyme is absent. Without it, telomeres shrink with each cell division, in effect ticking off time like a molecular clock. Eventually they become so short that the cell's chromosomes become tangled. The cell stops dividing — becomes "senescent" — and eventually dies.

Scientists have hypothesized for years that aging cells might be rejuvenated if they could be prodded to make telomerase again. It became possible to test that idea last year, when scientists finally discovered the key gene that directs telomerase production.

In the new work, led by Andrea Bodnar and Michel Ouellette at Geron and Woodring Wright at Southwestern, researchers put extra telomerase genes into three kinds of human cells growing in dishes. In all cases, the cells continued dividing long after they normally would have stopped, according to a report in this week's issue of the journal *Science*.

"We strongly suspect these cells have been immortalized," Mr. Wright said. Aging is probably more than a matter of cumulative cell senescence, he said, but doses of telomerase might help keep certain tissues or organs young.

"It's certainly not the answer to staying young," he added, "but I can imagine that 'health span' may be considerably improved and there may be even some improvement in life span."

REBUFF: Algeria Rejects EU Mission

Continued from Page 1

last week, like many earlier mass killings, were the work of the Armed Islamic Group.

It is the most violent offshoot of an Islamic opposition that would have won legislative elections six years ago if the

military had not stepped in to call off the vote.

France, with millions of residents of Algerian origin and important trade in oil, gas and manufactured goods with its former colony, has suspected Algerian government complicity in some of the violence, but is now increasingly inclined toward the view that the Armed Islamic Group has turned to terrorism against civilians who accept the government's legitimacy. From 60,000 to 75,000 people have died since the violence began in 1992.

President Liamine Zerroual's military-backed government held parliamentary elections in June that excluded the outlawed Islamic Salvation Front, the group that probably would have come to power in 1992, but saw a moderate Islamic force called the Movement for a Peaceful Society win 69 of the 380 seats.

"This is the first Algerian Parliament since independence that has had a pluralistic legislature," a French official said Wednesday, explaining that France had hoped the European mission could meet with Algerian officials and encourage them to pursue dialogue with the coviolent Islamic opposition to isolate the forces of violence.

A European Parliament delegation also hopes to have talks soon with members of all parties in the Algerian legislature.

Officials in Britain, which assumed the European Union's rotating presidency after Luxembourg and will hand it over to Austria in July, expressed disappointment at the cancellation of the European mission and said that a higher-level delegation could be put together if other European countries agreed.

Algeria fought its way to independence in 1962 in a war that left 10,000 French soldiers and 100,000 Algerians dead. A one-party state for most of its existence, it rejects all outside criticism from human-rights groups.

JAKARTA: IMF Expects 'Dramatic Acceleration' of Reforms

Continued from Page 1

ing under control. The Indonesian stock market shot up 5.7 percent, and the country's currency, the rupiah, rose 14 percent, in sharp contrast to its 26 percent drop Friday.

The rally spread across most of Asia, with stocks rising 7.50 percent in Singapore, 6.51 percent in Malaysia, 5.81 percent in Hong Kong and 2.5 percent in South Korea.

Mr. Camdessus said the new agreement with Jakarta would be "structured in a way that will give high incentive to early implementation."

Analysts said that this appeared to be an implicit warning to Jakarta that the second installment of a \$43 billion bailout loan package would not be released in March as scheduled unless the IMF was satisfied that the reforms were being applied. The installment is worth \$3 billion.

It was unclear what would be announced Thursday. But the Indonesian trade and industry minister, Tunkir Ariwihono, said that cuts in import tariffs and trade barriers were planned to boost exports. Finance Minister Mar'ie Mohammed said the much-criticized budget for the fiscal year ending in March 1999 could also be adjusted.

Neither minister gave details, but markets are looking for a phased reduction in fuel subsidies, not only one of the most costly budget items but also one of the most politically sensitive because they directly benefit Indonesia's poorest people.

Analysts said that in criticizing the Suharto government for lax implementa-

tion of a previous "letter of intent" agreement signed with the IMF in October in exchange for the \$43 billion loan package, Mr. Camdessus was seeking to defend the Fund from a growing chorus of criticism in the United States and other Western countries, as well as in Asia, over the alleged failings of its rescue programs in Indonesia, Thailand and South Korea.

One of the IMF's sharpest critics — Jeffrey Sachs, director of the Harvard Institute for International Development — said in an interview Wednesday that the International Monetary Fund had been "prescribing the wrong medicine" in Asia by insisting on closure of ailing financial institutions. (Page 17)

He said that in Indonesia, Thailand and South Korea this had caused a banking crisis that was "unnecessarily deepening the economic contraction, increasing unemployment and bankruptcies, and thereby tremendously raising the costs of overcoming the crisis."

In Singapore, Mr. Camdessus said he had "no knowledge" of an internal IMF report that the closure of 16 Indonesian banks in early November had helped spread panic and brought the financial system to the brink of collapse.

The New York Times said Wednesday, in a report carried by the International Herald Tribune, that the confidential report had been prepared last week and distributed to members of the IMF board.

Mr. Camdessus said that the Indonesian bank closures were necessary, just as high interest rates in Indonesia were necessary as a temporary measure to halt the fall in the value of the rupiah.

"When a bank is insolvent, it is better to close it and not expose its depositors, clients and taxpayers to the added burden of an artificial survival," he said. "This had to be done and, if anything, I would suggest to the Indonesian authorities to give an added impetus to their efforts to restructure their banking sector."

In unusually forthright criticism of the Indonesian government, Mr. Camdessus said it now realized the "high cost of hesitating in the first weeks of implementation of this program, hesitating and then very rapidly undermining the confidence" of investors and financial markets.

"The Indonesians have certainly realized they are in a situation that does not allow them the luxury of this kind of ongoing implementation of the program," he said. "This is certainly a positive factor giving more chances to the next letter of intent."

CUBA: U.S. Group Seeks to Ease Embargo

Continued from Page 1

tention focused on Cuba by the visit next week of Pope John Paul II.

Participants made clear that they came together with different motives: Some want to do business with Cuba, some believe the entire embargo is bad policy and some seek only to moderate what they say is the suffering of innocent Cubans deprived of food and medicine. Food and medicine were added to the trade embargo as part of the 1992 Cuban Democracy Act.

The European Union has also challenged U.S. sanctions against Cuba and periodically has threatened to take the case to the World Trade Organization.

For the Chamber of Commerce and some individual businesses, the longer-term goal is to reduce U.S. reliance on economic sanctions as an instrument of policy in Cuba and elsewhere. Mr. Workman and other chamber officials said.

The Clinton administration has taken no position on the legislation, sponsored in the House by Representatives Esteban Edward Torres, Democrat of California, and Charles Rangel, Democrat of New York, and in the Senate by Christopher Dodd, Democrat of Connecticut, and Rod Grams, Republican of Minnesota. It is opposed by several Cuban-American groups.

A member of the group's executive committee, Delvis Fernandez Levy, executive director of the Cuban-American Alliance, said in a telephone interview that many Cuban-Americans "agree that the policy is counterproductive, it is

not getting rid of Castro and it is creating pain and misery for people in Cuba."

But Representative Lincoln Diaz-Balart, a Florida Republican and Cuban-American, said the Chamber of Commerce campaign "demonstrates a profound ignorance of Cuban reality and contributes to giving capitalism a bad name" and predicted the lobbying campaign would fail.

Cardinal Gives First TV Sermon

For the first time in almost four decades, the prelate of the Roman Catholic Church in Cuba has delivered a prime-time sermon on the state's tightly controlled national television. The Los Angeles Times reported from Havana.

The broadcast Tuesday by Havana's archbishop, Cardinal Jaime Ortega, was a watershed in Cuba's church-state relations — the most dramatic concession that President Fidel Castro has granted the church in advance of Pope John Paul II's five-day visit next week.

Flanked by a portrait of the Pope and a statue of the Virgin of Charity, Cuba's patron saint, Cardinal Ortega delivered an impassioned endorsement of a Pope he has known for 19 years.

"The Pope is a fighter," Cardinal Ortega said in his address, which walked a fine political line.

The cardinal praised the Polish Pope's patriotism toward his once-communist homeland. Cardinal Ortega equally highlighted the Pope's opposition to economic sanctions that punish the poor, specifically mentioning the U.S. embargo against Cuba and Iraq.

UNITA Gives Up Diamond Mines

LUANDA, Angola — The former rebel movement UNITA handed over the diamond mines in the northern Cuango Valley on Tuesday, a government minister said.

General Higinio Carneiro, deputy minister responsible for implementing the 1994 Lusaka peace agreement, said the state's Mining Development Company could resume its activities at Cuango.

UNITA, the National Union for the Total Independence of Angola, gave up Cuango town last year, but refused to hand over the rich diamond fields. UNITA accused government troops of attacking the valley, and a government team went to the area Tuesday to assess the situation. (AFP)

Iran Says It Doubts Sincerity of U.S.

TEHRAN — Iran's state radio said Wednesday that it doubted U.S. sincerity in seeking to normalize relations with the Islamic republic despite Washington's repeated offers of direct talks.

President Mohammed Khatami said last week that he was in favor of dialogue between the peoples of Iran and the United States, but refrained from calling for talks between the two governments. (AFP)

Protest in Guyana

GEORGETOWN, Guyana — Policemen fired tear gas Tuesday to disperse supporters of Guyana's main opposition party defying a government ban on marches and public meetings. There were several arrests, but no reports of injuries.

The main opposition People's National Congress argues that last month's presidential elections, won by Janet Jagdeo and the ruling People's Progressive Party, were fraudulent. (Reuters)

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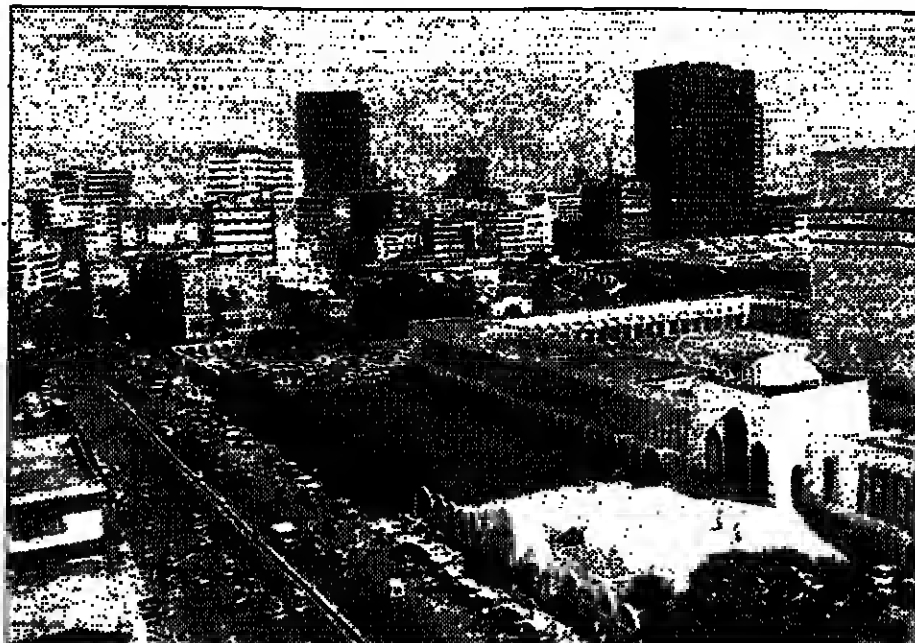
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BANGLADESH AND SOUTH ASIA

The Three Nation Business Summit, hosted by

Bangladesh, is a historic step for regional economic cooperation. The summit, which opens today in Dhaka, brings together the prime ministers of Bangladesh, India and Pakistan and business leaders from each country to forge trilateral economic ties, which, in turn, will benefit the entire South Asia region.



"We must work together to realize our full potential. Our enormous market, our untapped natural resources and above all our vast human resources, if properly developed, can convert one of the poorest regions in the world into one of the most prosperous."

PRIME MINISTER SHEIKH HASINA OF BANGLADESH



"We stand at the threshold of a new century. I am confident that as we forge ties of economic cooperation that link our region together, South Asia will emerge to take its rightful place in the world."

INDIAN INTERIM PRIME MINISTER Inder Kumar Gujral



"Posterity will judge us for the choices we make. Through cooperative interaction, we can build a better tomorrow. I call on governments and business in South Asia to jointly undertake this common venture into the next millennium."

PRIME MINISTER NAWAZ SHARIF OF PAKISTAN



FACTS AND FIGURES

BANGLADESH

Official name: People's Republic of Bangladesh
Capital: Dhaka
Head of government: PM Sheikh Hasina
Area: 143,998 sq. km.
Population: 125.8 million
Population growth rate: 1.8%
Language: Bangla (official); English widely spoken.
GDP growth: 5.7%
GDP per capita: \$283
Inflation: 3.9%
Exports: \$3.8 billion
Trade deficit: \$1.0 billion

INDIA

Official name: Republic of India
Capital: New Delhi
Head of government: PM Inder Kumar Gujral
Area: 3,287,262 sq. km.
Population: 953 million
Population growth rate: 2.1%
Language: Hindi (official); English widely spoken
GDP growth: 6.8%
GDP per capita: \$360
Inflation: 6.6%
Exports: \$35.9 billion
Trade deficit: \$5.1 billion

PAKISTAN

Official name: Islamic Republic of Pakistan
Capital: Islamabad
Head of government: PM Mohammad Nawaz Sharif
Area: 796,095 sq. km.
Population: 137 million
Population growth rate: 2.9%
Language: Urdu (official) and numerous regional languages; English widely spoken.
GDP growth: 3.1%
GDP per capita: \$465
Inflation: 12.5%
Exports: \$8.6 billion
Trade deficit: \$4.2 billion

Sources: Bangladesh Government, Pakistan Government, India Government, SAARC, UNDP, Asia Week.

BANGLADESH IS REGION'S RISING STAR

Few people would have wagered that the general election of June 1996 would be a major turning point in Bangladesh's history. After all, there had been numerous elections since independence in 1971 with little change in the country's fortunes. But this election was different. The vast majority of Bangladeshis wanted change. After decades of economic stagnation and political turmoil, they voted to elect the Awami League under the leadership of Sheikh Hasina, eldest daughter of former Prime Minister Bangabandhu Sheikh Mujibur Rahman, assassinated in 1975 by political opponents.

Sheikh Hasina didn't wait long to shake things up both at home and abroad. Her most urgent task was resurrecting international confidence in a country that has struggled since its creation with poverty and numerous natural disasters. At the same time, she launched her enthusiasm and intellect into the issues of poverty reduction and regional diplomacy.

International confidence Less than two years after that fateful election, the results have been astounding, if not downright miraculous, on almost every front and Sheikh Hasina has emerged as one of the most progressive and energetic leaders in the developing world.

While other Asian economies grope through the current currency crises, Bangladesh is chalking up some of its best-ever numbers — 5.7 percent expansion for fiscal year 1996-97 — the first time economic growth has breached the five-point mark

since 1990. If foreign investment is any indication, international confidence is returning in force.

Since the Awami League swept to victory 19 months ago, Bangladesh has attracted more than \$1 billion in new investment commitments from overseas sources. Total private sector investment hit a record \$10.9 billion last year.

"There were many misconceptions about Bangladesh," says Moazzem Hossain Khan, executive chairman of the Bangladesh Export Processing Zones Authority (BEPZA). "But now many emerging market reports believe that Bangladesh is the 'new rising star' in South Asia for

growth and reform are positive social factors like continued democratization of the political process, gradually rising literacy levels, decelerating population growth and a commitment to eliminating graft and corruption from everyday life.

Bangladesh's Administrative Reform and Law Reform commissions are tackling the graft issue with a government ethics program that calls for less discretionary decision making and personal accountability for all government officials.

The country has also taken giant leaps toward self-sufficiency in food production. Bangladesh's "food deficit" was 210,000 metric tons during fiscal year 1996-97, a significant drop from previous years. In order to reach total self-sufficiency by 2002, the government has launched a program to boost annual production from 19 million to 25 million metric tons.

One of the cornerstones of economic reform is the privatization of the country's many state companies and industries, which are running more than half a billion dollars in the red each year.

In early 1997, the government drew up a list of more than a hundred state firms (mostly in the textile, chemical, engineering and plantation sectors) targeted for privatization. As of this month, the government had finalized the process of divestment in 32 state-run companies ranging from the national ice factory to a can manufacturer, a sugar mill and several textile concerns. The privatization target for the current fiscal year includes 54 companies.

Meanwhile, the government is stepping up efforts to boost the productivity and efficiency of remaining state-run companies in a bid to make them more attractive to private-sector investors and potential buyers.

Bolstering economic



Bangabandhu Sheikh Mujibur Rahman, father of the Bangladesh nation.

foreign investment."

Trade is also booming. Bangladesh exports reached a record \$3.8 billion in fiscal 1996-97, nearly double the figure for 1990.

Imports continue to grow, and reached a record \$4.8 billion last year. The country's trade deficit has been trimmed to a manageable \$1.0 billion. At 3.9 percent, inflation is also under control compared to the early 1990s.

Not content to rest on its laurels, Sheikh Hasina's government continues to pursue genuine reforms in trade, industry, finance, banking, bureaucracy, education and other fields vital to the country's future.

Significant reforms A significant array of reforms, deregulations and liberalization moves have been carried out in the last year and a half and more are in the cards for 1998.

"The government has already taken remedial steps," says Mr. Khan, "to wind up the bottlenecks and red tape in the country in order to boost exports and attract more foreign investment."

One of the cornerstones of economic reform is the privatization of the country's many state companies and industries, which are running more than half a billion dollars in the red each year.

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Bolstering economic

with other countries that border the Bay of Bengal. Most important, Sheikh Hasina conceived and brokered the Three Nation Business Summit, the landmark meeting between India, Pakistan and Bangladesh that takes place today in Dhaka.

Long-term goals Despite such remarkable progress in such a short time, Bangladesh is still far from achieving its long-term goals. With 125 million people living on 55,000 square miles of territory (roughly the size of North Carolina), it's one of the globe's most crowded countries. With only about half the population living above the poverty line and a per capita income of \$283 per year, it's also one of the poorest.

The government must still tackle pressing issues like top-level bureaucracy, high unemployment and macroeconomic stability. Trade unions also hamper reform efforts, particularly privatization, out of fear that it will lead to layoffs.

The government has banned union activity in the country's bustling export processing zones, however, and is drafting legislation to curb disruptive union activity in other areas.

Except for textiles, manufacturing continues to grow at a sluggish pace. Ready-made garments and knitwear currently attract about 70 percent of total investment in the manufacturing sector. Other industries that draw foreign interest are pharmaceuticals and fertilizer.

Analysts say that if the nation's long-term industrial strategy has any hope of success, Bangladesh must diversify its manufacturing base significantly. But at the end of the day, no one can deny that the tiny nation has made tremendous strides over the last two years.

"Bangladesh is a country with great economic potential," says Yusuf Harun, president of the Federation of Bangladesh Chambers of Commerce and Industry. "Its rich natural endowments, vast human resources and geographical location make Bangladesh an attractive destination for investment."

"Bangladesh can no longer be dubbed as a bottomless basket," says Sheikh Hasina. "We want to stand with head high in the world with a strong economy."

with a strong economy."

A LEADER FOR REGIONAL COOPERATION

By hosting the Three Nation Business Summit, Bangladesh emerges at the forefront of regional cooperation in South Asia. But it certainly isn't Dhaka's first step into the global diplomacy arena and probably won't be the last. Bangladesh has been an active member of the South Asian Association for Regional Cooperation (SAARC) — the only organization that links every nation in South Asia — since it was formed in 1979. Other members include Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. Until quite recently, SAARC was a largely symbolic group without any real economic or political teeth. But the last round of GATT talks and the creation of the World Trade Organization prompted regional leaders to revitalize SAARC into something that was more able to meet the challenges of the free-trade conditions of the 21st century.

The result of this effort was a new regional trading agreement called SAPTA — the South Asia Preferential Trade Arrangement — formed in 1995 under the auspices of the GATT Enabling Clause. SAPTA strives to create genuine free trade between the seven members by eliminating tariffs and other barriers. Backers of the agreement view free trade as the cornerstone of a prosperous future in the region. Members hope that liberal trade will stimulate more investment opportunities and more production in their respective manufacturing, agriculture and service sectors, leading to lower unemployment and a higher standard of living. One of the key provisions of SAPTA is a special and favorable treatment of the least developed member states, an understanding that respective levels of economic and industrial development must be taken into consideration in order for the bloc to run smoothly. Meanwhile, foreign ministers of the seven SAARC states have agreed that the region should strive for realization of a South Asian Free Trade Area (SAFTA) between the years 2000 and 2005. In recent years, Bangladesh has also joined several new regional economic groups, including the South Asia Growth Quadrangle (SAGQ), BISTEC and the Developing Eight (D-8). SAGQ comprises four states wedged between the Bay of Bengal and the Himalayan mountain range: Bangladesh, India, Nepal and Bhutan. Until the advent of the Three Nation Business Summit, SAGQ was generally viewed as Bangladesh's best hope for regional business development in future years, and it will undoubtedly remain an important group because of the close proximity of the four members. BISTEC links four nations around the Bay of Bengal: Sri Lanka, India, Bangladesh and Thailand. D-8 embraces largely Islamic nations in Asia, Africa and the Middle East, including Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey.

BANGLADESH INFORMATION AND WEB SITES

INVESTMENT INFORMATION
Federation of Bangladesh Chambers of Commerce & Industry (FBCCI)
60, Motiheel Commercial Area
G.P.O. Box No. 2079, Dhaka-1000 Bangladesh
Tel: (880 2) 956 0588, Fax: (880 2) 863 213

Board of Investment
Shilpa Bhaban
Motiheel Commercial Area
Dhaka-1000 Bangladesh
Tel: (880 2) 956 1430, 956 1433, 956 9378, Fax: (880 2) 956 2312

Bangladesh Net
Facts and figures, arts, literature, education, media and links to corporate Web sites:
www.bangladesh.net

UNDP Web Site
General information and investment opportunities: www.undp.org/missions/bangladesh

Dhaka-Bangladesh
English-language newspaper Web site updated daily: www.dhaka-bangladesh.com

3-NATION SUMMIT IN DHAKA

Historic meeting represents breakthrough for Bangladesh's prime minister.

The Three Nation Business Summit between Bangladesh, India and Pakistan beginning in Dhaka today is an extraordinary achievement for a region that has been plagued by political crises and economic turmoil for most of the last 50 years.

Hailed as the dawn of a new era for South Asia, the summit will bring together top business and political leaders from Bangladesh, India and Pakistan for the first time since independence from Britain in 1947. Despite obvious political advantages, the summit's primary goal is to forge closer economic cooperation among the three neighbors, especially between members of their respective private and public sectors who may have had little or no contact with one another in the past.

Forging business ties To that end, summit organizers will adopt a declaration of economic cooperation that will function as a blueprint for future trilateral business relations among Bangladesh, India and Pakistan.

"South Asia remains one of the world's poorest, most illiterate and malnourished regions," Bangladesh's Prime Minister Sheikh Hasina said in announcing the summit last year. "Its economies are poor, agrarian and vulnerable to outside shocks of all types. The pace of poverty reduction, particularly for the extremely poor, has been distressingly slow. Much more needs to be done." She hopes the summit will provide a huge boost in that direction.

Delegates will have an opportunity to exchange ideas on joint trade, investment and development ventures; review their economic policies; and establish new institutional linkages to encourage three-way economic development. They will also examine ways to liberalize foreign investment, imports and exports in the region, and discuss how free trade mechanisms adopted by the European Union and North American Free Trade Association (NAFTA) can be modified for use in South Asia. The summit marks a major political coup for Sheikh Hasina, who con-

vinced Pakistan's Prime Minister Nawaz Sharif and Indian interim Prime Minister Inder Kumar Gujral to attend the gathering despite enduring tension between the two South Asian superpowers.

Never before have so many top leaders from the three nations gathered together in one place. The Bangladeshi government delegation will comprise the foreign, finance and commerce ministers as well as the minister of foreign affairs. Pakistan's delegation is expected to include that country's foreign, finance and commerce ministers. The Indian team will probably include the state ministers of commerce and foreign affairs.

Sheikh Hasina will chair the summit's opening session, during which Mr. Sharif and Mr. Gujral will make statements. Leaders of the three private-sector business teams will also give opening remarks. Afterwards, delegates will attend working sessions on topics like energy, trade and infrastructure hosted by the foreign minister of Bangladesh.

Extraordinary achievement

Originally scheduled for November 23, the summit was postponed at the request of both Islamabad and New Delhi, which had domestic political turmoil to deal with. Confronted by a real danger that the summit might never take place, Bangladesh officials launched another round of shuttle diplomacy among the three capitals, securing new commitments from both Pakistan and India to attend the January parley.

The summit is another feather in the cap of Sheikh Hasina, who since taking office in June 1996 has emerged as the guiding light of economic and political progress in South Asia. She played a pivotal role in both the World Food Summit in Rome and the Micro-Credit Summit in Washington. She was also one of the primary movers and shakers in a new subregional cooperation pact among Bangladesh, India, Bhutan and Nepal. During her administration, the country has also joined the D-8 and BISTEC economic groups, which link developing nations in Asia, Africa and the Middle East.

TOP PRIORITY IS INVESTMENT

Foreign investors are at home in Bangladesh.

Bangladesh offers a very attractive package of incentives to investors, perhaps the best in South Asia," says Yusuf Harun, president of the Federation of Bangladesh Chambers of Commerce and Industry.

Indeed, the country's Board of Investment is actively seeking out new overseas investment and making it easier for foreign companies to operate in Bangladesh. One of its top priorities is creating a transparent and operational regulatory framework for foreign-owned entities.

Recently introduced incentives include a 5- to 12-year tax holiday for foreign investors, duty-free import and export of machinery and raw materials for anyone operating at the country's Export Processing Zones (EPZs), full repatriation of profits and capital gains, multiple entry visas and liberal work permit policy and legal reforms that include protection against nationalization and expropriation.

Bangladesh offers a number of attractive investment factors, including cheap, plentiful labor with average wages at roughly \$40-\$70 per month. Positive macroeconomic factors include low inflation, modest fiscal deficit and a stable currency compared to elsewhere in Asia. In addition, the government allows 100 percent foreign equity and ownership on all industrial investments.

The country also has distinct geographical advantages. Bangladesh is located virtually as a land bridge between the emerging markets of South Asia and the markets of Southeast Asia. This offers limitless opportunities for foreign investors.

Infrastructure and energy Infrastructure development is considered one of the most promising areas for foreign investment. The country's infrastructure needs are overwhelming: there is one telephone line for every 500 inhabitants and electricity for only 17 percent of the population at the present time.

The government estimates that Bangladesh must attract at least \$5 billion annually in new infrastructure investment in order to achieve significant advances over the next decade. Recently, the World Bank approved a \$235 million credit to encourage private-sector infrastructure development in power, water and other vital areas.

Mineral exploration and production is another promising area, especially oil and gas. Last year, the government opened bidding for the exploration of 15 remaining natural gas blocks around the country. Twenty-one international oil companies have thus far expressed interest. Current gas reserves are estimated at about 23 trillion cubic feet (TCF) of which about 13 TCF is recoverable.

"Natural gas is playing an increasingly important role in the energy sector in Bangladesh," says Mosharrat Hossain, chairman of Petrobangla. "There is no alternative but to discover new gas reserves. Since oil and gas exploration is a risky investment, the utilization of state resources for this type of activity is better avoided."

A wide range of other sectors are also open to foreign participation, including textiles; agribusiness; aquaculture and food processing; leather and rubber (tires and tubes); electronics and appliance manufacturing; chemicals and allied industries like paper and pulp, plastics, pharmaceuticals and pesticides; glass and ceramics; computer software and data processing; and engineering industries like shipbuilding and agriculture machinery.

The government has also enacted laws enabling private investors to develop and manage special industrial parks called Export Processing Zones (EPZs). South Korean investors are already developing the country's first EPZ, a \$200 million project approved last year.

"Bangladesh EPZs are excellent places for setting up labor-intensive, high-tech industries and the relocation of industries from abroad," says Moazzem Hossain Khan, executive chairman of the Bangladesh Export Processing Zones Authority (BEPZA). "As a result of low wage hills and import costs, the cost of production can be kept low in the fiercely competitive world market."

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OPINION/LETTERS

Saddam's Stranglehold, Clinton's Conciliation

By Jim Hoagland

WASHINGTON — Remember what you set out to accomplish is said to become the hardest part of any complex human endeavor. America's seven-year effort to punish Iraq's aggression against its neighbors and prevent future outrages is now endangered by the differing ways political memory serves Saddam Hussein and Bill Clinton.

Circumstances and his own personality force the Iraqi dictator to cling to original purpose with rare clarity and ruthlessness. His rage and resentment fuel a boundless determination to wreak havoc and destruction on Israel and the United States. Arab neighbors not willing to help in this endeavor are seen as traitors to achieve the dictator's grandiose, deadly aims.

This is the key to understanding the mind and memory of Saddam Hussein: An Iraq that fails him and his ideology deserves to be destroyed. Economic sanctions, pinpoint bombing raids and other steps that punish Iraq's people but do not shake his hold on power are not deterrents to him. The population's suffering proves its devotion and obedience to the ruler. Why should he deprive them of that opportunity?

History has for its amusement juxtaposed Saddam Hussein's stranglehold on original purpose with Bill Clinton's willingness to shift goalposts at the drop of almost any hat that promises com-

promise, conciliation or problem avoidance. On most foreign policy problems, Mr. Clinton's political memory seems to grow shorter as obstacles to a once essential objective mount.

Remember how the October summit meeting with Jiang Zemin was supposed to help secure China's cooperation on pollution and environmental security, a matter of particular grave concern to the president before the summit? That theme disappeared last month when Beijing stiffed Washington in the crudest possible terms at the Kyoto conference on climate change, without paying any price.

Incremental spin control over news cycles has become synonymous with damage control for this administration. But they are not the same, as the extended confrontation Saddam Hussein has provoked over UN inspection rights demonstrates in its third month.

The administration's lame explanation for its passivity is that the dictator is stupidly punishing himself: Economic sanctions will stay on Iraq longer because defiance delays the day when the Security Council will lift them.

The explanation is lame not only because Saddam Hussein doesn't care about sanctions. It is lame because it is not true: Russia, with French support, is now pushing a resolution in the Security Council to close out inspections in Iraq for nuclear



facilities and hidden missiles. Moscow, Paris and other nations believe the standoff has demonstrated the need for sanctions to be lightened and for Iraq to have "light at the end of the tunnel." A U.S. veto of the Russian move is likely to exacerbate the growing international opposition to sanctions and complicate Mr. Clinton's planning for a probable midyear summit meeting with Boris Yeltsin. Sanctions cohesion is fragmenting.

Finally, the explanation is lame because it obscures the original purpose of the U.S. and international stand against Iraq. Maintaining economic sanctions against Iraq is not a sustainable policy objective in and of itself. Nor are the inspections an end unto themselves, as White

House and State Department spin controllers seek to suggest. Iraq agreed to accept unfettered intrusive inspections to obtain the cease-fire that ended the Gulf War in March 1991.

Within 120 days of the U.S.-dictated cease-fire, Iraq was to have destroyed all its weapons of mass destruction and the facilities to produce them. Baghdad was also required to turn over all manuals and information for building atomic, biological and chemical weapons and long-range missiles, and a list of its foreign suppliers.

These unprecedented restrictions constituted a recognition by the international community of the uniquely predatory threat posed by Saddam Hussein's regime. But Baghdad has single-

minedly chipped away at its pariah status, slowly winning from the United Nations treatment as a sovereign member of the family of nations again.

Iraq is nearly six years overdue on its obligations to the international community. But Washington wanders through each new confrontation with Saddam Hussein as if trying to remember an increasingly distant original purpose, refusing to take the lead in declaring Iraq in material breach of a cease-fire purchased with American, European and Arab blood.

No one should forget what that cease-fire cost, nor what it was intended to accomplish, however convenient forgetfulness may seem at the moment.

The Washington Post

In a Growing Universe, Can the Hotel Be Full?

By John Allen Paulos

PHILADELPHIA — New data from two teams of astronomers lend support to the idea that the universe will continue to expand forever and is potentially infinite. While these studies resolve some mysteries, they leave others untouched.

For instance, it does not take an analytic philosopher to feel un-

MEANWHILE

easy when applying temporal and spatial concepts to cosmology. In these new studies, the term "Big Bang" is seemingly used in a standard way, but is it?

"Five minutes before the opening kickoff of the Super Bowl" makes sense, but what is meant by "five minutes before the Big Bang"?

The concept of infinity is particularly puzzling. In abstract terms, it has been shown by mathematicians to make perfect sense. There are, for instance, infinitely many numbers.

But applied to the physical universe, the concept of infinity becomes much more elusive. If not ridiculous. Imagine arriving at the Hotel Cosmic and being informed by an officious clerk that the hotel is full. "There is nothing I can do, I'm afraid," the clerk intones.

If you are feeling argumentative, you might inform the clerk that the problem is not that the hotel is full, but rather that it is both full and infinite. If the hotel were full but infinite, there would be something he could do.

Although all the rooms would be full, he could tell the party in

Room 1 to move into Room 2; the latter party could move into Room 3, whose present occupant could be moved to Room 4, and so on.

In general, the guest in Room N could be moved into room (N + 1). This action would leave Room 1 empty.

This is an interesting intellectual exercise (at least for us mathematicians), but tell me, does it help you secure a bed?

Archimedes may have been among the first to use very large numbers to measure the universe. For instance, by estimating the size of a grain of sand, he determined how many grains would be required to fill the universe.

(One wonders how he would react to the news that a steadily increasing number of grains would be required for the job.)

Archimedes also used elementary physics to speculate how long a lever would be necessary to move the Earth with the touch of a finger.

(Suffice to say, it would be very, very long.)

Mathematics has gotten more complex since the days of Archimedes, but the same problems remain. Mathematical concepts, be they simple arithmetic or infinite set theory, make sense in the abstract, yet when applied to real things their logic frequently becomes quite problematic.

So while discoveries like a forever expanding universe are exciting, we all must distinguish carefully between abstract mathematical models and the physical entities they are meant to elucidate.

Of course, if the latest discoveries prove true, we have forever to sort things out.

The writer, a mathematics professor at Temple University, is the author of "Innumeracy" and "A Mathematician Reads the Newspaper." He contributed this comment to The New York Times.

LETTERS TO THE EDITOR

Islamic Silence

Regarding "Algeria Cannot Be Left Alone With Its Horrors" (Opinion, Jan. 9) by Flora Lewis.

The calls for action to stop the atrocious butcheries in Algeria are coming from the West. Where are the influential and selectively outspoken Islamic nations and international organizations? Where are the Arab spokesmen in the West?

JOSEPH LERNER, Jerusalem

Obesity as Symptom

Regarding "Obesity Is Not the Killer Doctors Thought It Was" (Jan. 2).

A doctor quoted in the story said that there is no good treatment or proven prevention for obesity — as though it were some mysterious ailment!

Obesity is simply a symptom of a disease that has infiltrated the entire Western world. We live in societies that worship passive entertainment and self-indulgence.

If we respected our bodies by feeding them healthily and by taking them out into the environment they were designed to reveal in, obesity would not be such a problem.

ALISON MISSELMORN, Palma de Mallorca, Spain

Visiting Jaffa

Regarding "Going Down to Tel Aviv: Cafes and Chaos of Urban Israel" (Features, Dec. 26): The article mentions "the beautifully restored ancient port

of Jaffa, with its fine little art shops and cozy restaurants" and adds: "Beautifully restored old Jaffa is a city that has kept much of its Arab heritage, with a thriving flea market and minarets."

This postcard image gives the impression of a quaint Arab ghost town lovingly restored. In fact, the port "restoration" project erased any trace of the rich maritime heritage of Jaffa. Similarly, old Jaffa's restoration is devoid of any reference to the city's Arab heritage and history.

To get a real feel for old Jaffa,

tourists should visit the Arab neighborhoods of Ajami and Jabalya. Just south of the old city, they are a no-man's-land where several thousand Palestinians live in humiliating conditions.

ADILA LAIDI, ANDRE MAZAWI, Ramallah, West Bank

Privacy Threatened

Regarding "Forget James Bond: The New Interpol Is the Real Thing" (Jan. 6):

I for one am not rejoicing at the establishment of the first building block of a world government, even if crime-fighting is its aim.

I see no way whatsoever to protect an individual's privacy in such a system. What a pity for the West to have won the Cold War only to impose international tracking and the wholesale loss of privacy.

What's next, international tax collection to fight money laundering?

ROBERT ELLMANN, Prague

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

BOOKS

CAGNEY

By John McCabe. Illustrated. 439 pages. \$29.95. Alfred A. Knopf.

Reviewed by Wilborn Hampton

IF it's true that imitation is the sincerest form of flattery, then James Cagney must have been the most adulated movie star in the history of Hollywood. It's a safe bet that any mimic who has ever stood before a comedy-club audience, not to mention countless party cutups and office clowns, has somewhere in his repertoire an impersonation of Cagney, even if it's nothing more than hunching his shoulders and snarling, "You dirty rat."

Yet for all the familiarity of Cagney the actor, the man himself remained elusive, what his close friend Pat O'Brien called "a faraway fella." When John McCabe, the author of several celebrity biographies and an actor himself, undertook to ghostwrite Cagney's autobiography in 1973, the actor warned him that he had no intention to produce a "tell all" book because the average reader did not want to know "every jot and tittle about a guy's life and work."

Now, more than two decades after that autobiography, "Cagney on Cagney" (1976), appeared and 11 years after the death of the actor, McCabe has undertaken to supply a few of the titles left out of the earlier book.

While the autobiography concentrated more on Cagney's early life, McCabe's new biography emphasizes his work as an actor. Indeed, the best parts of "Cagney" are the tales and reminiscences from the more than 60 movies he made in a career that spanned more than half a century.

from "Sinner's Holiday" in 1930 to "Ragtime" in 1981.

This is a book that should be in the reference library of any serious film buff if only for the excellent indexes and appendices, which include all Cagney's stage roles, radio plays, television appearances and feature films: complete with writer, director, cameraman and full cast.

"Cagney" is unashamedly written from the point of view of a devoted fan, although McCabe makes no attempt to hide the occasional irascibility and eccentricity of his subject. It is written in straightforward, workmanlike prose. Even lifelong disappointments, like the estrangement between the actor's wife and his brothers, are reported without commentary. Often, the author simply opens his interview notebooks and lets the actor speak for himself.

M McCabe's passages on Cagney's professional life underscore the versatility of the actor's roles. He began life as a hooper in Broadway chorus lines and even played vaudeville before getting his break in films in 1930. Cagney did it all: romantic comedy, westerns, war movies, musicals, Shakespeares, tear-jerkers and flag-wavers.

There was one 11-year period in which he didn't make a single gangster movie, from "Angels With Dirty Faces" (1928) until "White Heat" (1949). During that time he made such diverse films as "The Oklahoma Kid," "The Roaring Twenties," "The Fighting 69th," "The Strawberry Blonde," "Yankee Doodle Dandy" and "The Time of Your Life." McCabe provides a wealth of stories about every movie, from the actor's feuds with Jack Warner to how Cagney developed his characters in each film.

If there are no hidden scandals re-

vealed in the book, it is only because Cagney never provided the material, as so many of his contemporaries did. He was happily married to the same woman, whom he lovingly called Willie, for 64 years; he went home after work every day instead of carousing with the rest of the cast; he read books between scenes instead of playing cards, and he liked most of the people he worked with.

One exception to the camaraderie he felt for his fellow actors and crews was Horst Buchholz, who kept trying to upstage Cagney in Billy Wilder's "One, Two, Three." "I got riled at S.Z. Sakall in 'Yankee Doodle Dandy' for trying to steal a scene, but he was an incorrigible old ham," Cagney said. "No harm in the old boy. But this Horst Buchholz character I truly loathed." Cagney never saw the finished movie because he didn't want to set eyes on Buchholz again.

A bonus to McCabe's film-by-film commentary on Cagney's movies, especially for aspiring actors, is the informative digressions on how he approached his roles. Cagney told McCabe he could sum up his acting technique in three words: "Just do it."

BUT Cagney also liked to add what he called "goodies" to a characterization. By that he meant finding something funny, or at least human, even in the worst and nastiest of villains, through which the audience could identify with the character. If there was a secret hidden in the Cagney formula, it was most likely in a reply he gave to Frank Sinatra, who once asked him how he could make gangsters so likable. "Be as tough as you want," Cagney said, "but sprinkle the goodies for laughs here and there. 'Cause anything they can laugh at, they can't hate."

New York Times Service

BRIDGE

By Alan Truscott

IS bridge a sport? That is not a trivial academic question, for on it hinges a matter of great importance to bridge players: the eventual inclusion of bridge in the Olympic Games.

The International Olympic Committee has for many years been trying to define "sport," and its first vice president, Marc Hodler of Switzerland, is pressing for a definition that includes the word intellectual. If he succeeds, bridge is likely one day to be part of the Winter Olympics. It has one obvious advantage for the organizers: No special stadium is required, nor simply a hotel with a ballroom or two. As a preliminary step, bridge will be included in the 1998 Asian Games, to be held in Bangkok.

Mr. Hodler has a strong interest in physical sports and in bridge. He has been president of the International Ski Federation since 1951 and was president of the Swiss Bridge Federation for 33 years. When he visited the World Championships in Hammamet, Tunisia, in October, he was an interested spectator of a Viewgraph match between two teams contending in the qualifying stage, Italy and China.

On the diagrammed deal the Chinese North-South played safely in five clubs and made 11 tricks. In the replay, as shown, Italy was pushed to six clubs, after North bid four no trump as a strong take-out move. Five spades was a good save in the teeth of the vulnerability, for it is likely to fall by just one trick: After drawing two rounds of trump, West's correct play would be

the heart king, which would have a happy result. To beat the contract by two tricks, for a penalty of 500, assuming a double, would have required double-dummy defense starting with the heart ace.

Six clubs would have been defeated by an unlikely king lead in clubs or hearts but had a chance after a normal lead of the spade king. South ruffed in dummy and should have made these plays: heart ace; heart ruff; club to the ace; heart ruff; spade queen forcing the ace and ruff; heart ruff; club jack; spade jack, discarding a diamond.

This would have left a four-card ending in which East would have only diamonds. A finesse of the diamond 10 or queen would force him to give two tricks to dummy and the slam would make.

In practice South played a diamond prematurely and

was defeated. The Italians lost 10 imps when they could have gained 11, but they still won the match.

NORTH			
♠ A 8 4 2			
♥ A Q 10 7			
♦ A Q 10 8 5			
WEST (D)			
♠ A K 10 8 7 3	♥ 6 4 2		
♦ K J 7 5 3	♠ 10 8 9		
♣ —	♥ K J 8 6 4		
	♠ 8 4		
SOUTH			
♠ Q J 5			
♥ Q			
♦ 8 5 3 2			
♣ J 9 7 3 2			
East and West were vulnerable.			
The bidding:			
North	East	South	
1 ♠	2 ♠	3 ♠	
4 ♠	4 N.T.	Pass	5 ♠
5 ♠	6 ♠	Pass	

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TribTech

In the Growing Satellite-Imagery Industry, a Few Strange Bedfellows

By Brian Knowlton
International Herald Tribune

THE satellite-imagery industry appears to be entering a phase of especially rapid growth, bolstered by new technology that allows detailed photos of clouds, land or oceans to be provided in days rather than months. The photos are enhanced to astonishing degrees of clarity and sold at prices low enough for individual farmers to afford.

An unlikely sounding bilateral alliance appears poised to grab a growing portion of this market: a venture between Space Imaging Eos, a cutting-edge Colorado firm that is 49 percent owned by Lockheed Martin Corp., and the space program of India, which has origins so modest that one of its first rocket payloads had to be wheeled to a launching site on a cycle.

The marketing arm of the Indian Space Research Organization provides satellite images with resolution of up to five meters (16.5 feet), the finest now commercially available, putting it ahead even of commercial programs in more highly industrialized countries.

A satellite image with five-meter resolution is able to clearly define most objects of that length.

The five-meter resolution was to have been surpassed on Dec. 24, when EarthWatch Inc. of Longmont, Colorado, launched a three-meter-resolution satellite from a base in eastern Russia. The company had promised that its Early Bird images would end government monopolies on spy-quality space imagery. But ground controllers lost contact with the satellite. An EarthWatch spokesman said the company remained "moderately optimistic" about restoring contact.

Meanwhile, Space Imaging Eos is nearing a scheduled March launching of its Ikonos satellite with one-meter accuracy, which would enable it to identify small plants. A rival, SPOT Image Corp. of Reston, Virginia, is to launch a new high-

resolution satellite in March. Israel, Russia and China plan to do the same in the next few years. Through these high resolutions, low pricing and quick turnaround, industry specialists say, the onetime dream of farmers being able to detect disease in a single tree without setting foot in an orchard, or of real estate agents being able to escort clients on 3-D virtual tours of neighborhoods in faraway cities, is moving closer to the routine.

The Indians have a large and growing constellation of satellites (12 are slated to be in space by 2004). With its low labor costs, India builds satellites at far below Western prices. It also hopes to be able to offer its Geostationary Satellite Launch Vehicle for commercial use once experimental launchings are completed, which a high-ranking Indian space official said would "happen very soon."

India's space program, based in Bangalore, had simple beginnings. It was designed less than three decades ago to help wrench a backward economy forward by increasing agricultural production, aiding urban planning and providing television services and telegraphy to rural areas. The program has grown rapidly, however, and spawned a rippling array of associated companies in the fields of aeronautics, avionics, propulsion, chemicals, materials and engineering.

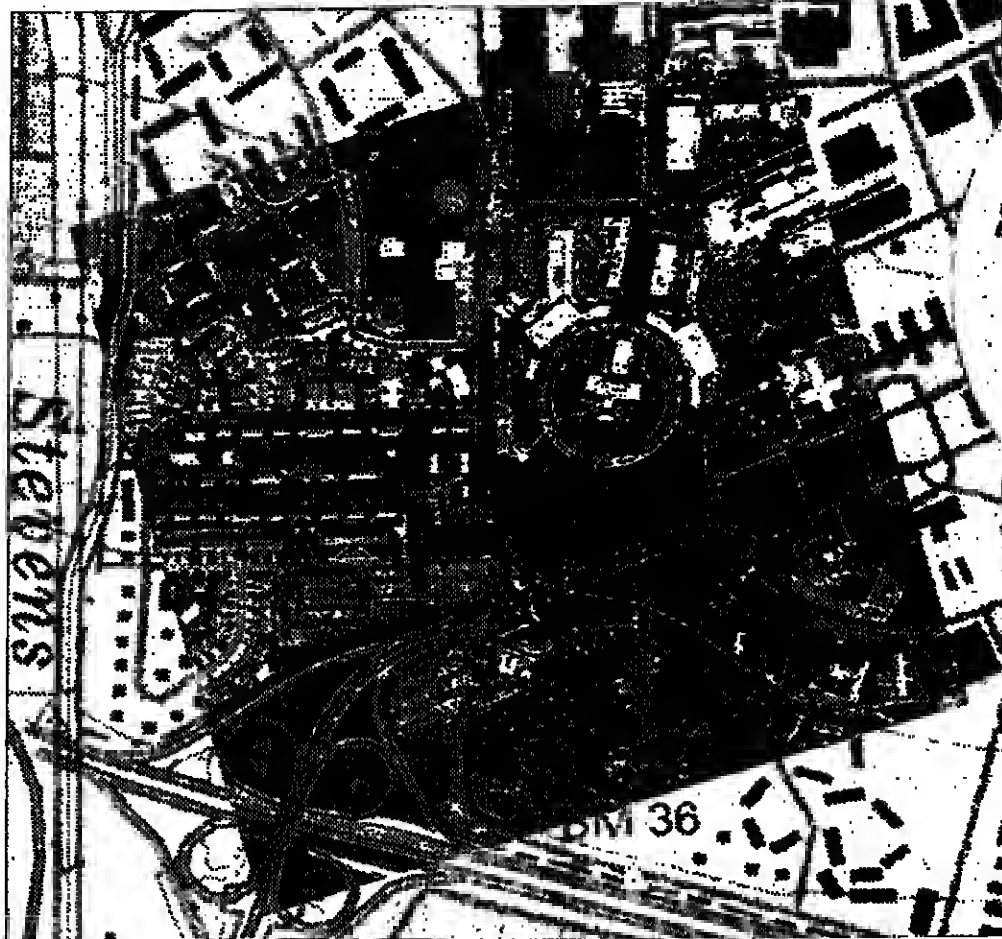
Krishnaswamy Kasturirangan, chairman of the Indian Space Research Organization, says the program has helped Indians prepare for droughts, control flooding, develop fisheries and survey urban development. Satellites have provided better weather forecasting, saving hundreds of lives along the cyclone- and flood-prone eastern coast of the country.

India is now commercializing such services and claims to be making money off them.

NEW high-speed microprocessors enable clients, at reasonable cost, to view enormous large files of digitized information using desktop computers. "Imagery files can contain an immense amount of data," said Brian Webster, communications director for Space Imaging Eos. "Our Ikonos imagery is 11-bit imagery, which means for every pixel, or dot, 'on your computer screen, we use 11 bits to describe its color, its intensity.'"

"It would have been unheard of as recently as five years ago to provide this data to a commercial market, because the processing capacity didn't exist in an affordable form," he continued. "But that has all changed."

Facing rivals such as SPOT Image, which sells imagery from the European SPOT satel-



A representation of Eosat's one-meter-resolution image of Mountain View, California.

lites, the U.S.-Indian alliance expects its 10 percent share of the remote-imagery industry to grow to perhaps 60 percent within six years, said a spokesman for the privately held Colorado company.

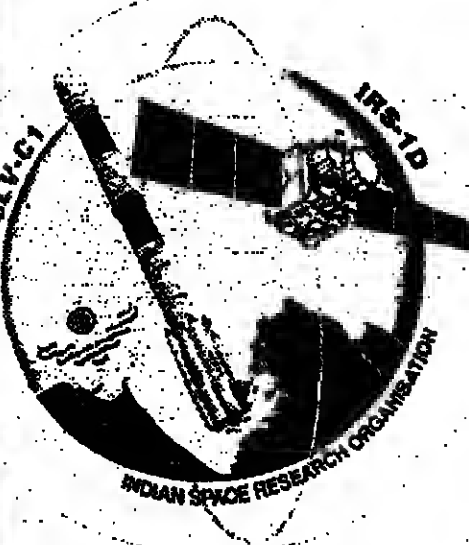
That market, now estimated at \$500 million to \$1 billion, depending on what is included, is expected to grow to perhaps \$2 billion within a few years. Moreover, fears in the industry even a few years ago of a rapid shakeout, leaving perhaps only one or two successful satellite-image providers, appear to be easing.

"The international markets are growing to the point we can really support all of these new providers," said Renee Saunders of SPOT Im-

age. "The more satellites that are up there, the better for all of us."

One-meter imagery, previously the domain only of spy satellites, was allowed commercially in the United States only by a presidential directive signed in 1994. Spy satellites today provide even greater than one-meter resolution. But so far, Mr. Webster said, the commercial viability of even one-meter resolution had yet to be proved.

For black-and-white photos at five-meter resolution, Space Imaging Eos charges about 50 cents a square kilometer (prices vary outside North America). But for one-meter resolution, the price rises to \$10 a square kilometer. Space photos in commonly used sizes cost from \$350 to \$750.



The industry hopes that modern farmers, many of whom now have satellite-based Global Positioning System, or GPS, devices in their tractor cabs, will pay those prices, which will allow savings in fertilizer and pesticide use and boost yields.

THE GPS, originally developed by the U.S. military, allows users carrying a small receiver, available for as little as \$100, to determine their location with tremendous precision. This process, which relies on messages from satellites, is particularly helpful when landmarks are scarce, as in a vast farm field. Farm-machine makers such as Deere & Company now offer them routinely.

Agriculture is perhaps the third-largest market for Space Imaging Eos, Mr. Webster said. The second, he said, is telephone, gas and power utilities that are able to save thousands of dollars in the costs of mapping, planning maintenance, and placing new lines or transmitting towers.

Eosat's biggest market is governments, split about evenly between North America and primarily Europe and Asia. While the U.S. government has the right to buy sales of imagery to any foreign customer at any time, the company is not obliged to clear its client list in advance.

Mr. Webster said the U.S. government's sense was that in general, greater availability of satellite imagery was a good thing, allowing such "benign intelligence functions" as treaty verification and border monitoring.

SITES

Here are related sites on the Internet:

- Spot Imaging Services satellite imagery products are at: www.spotimage.fr
- SkyWatch satellite and radar images are at: www.earthwatch.com/satellite.html
- General information about satellites and images can be found at: www.psych.upenn.edu/~baron/david/satellite/

TECHNOLOGY INDEX

A glance at technology stock indexes around the world

	Tuesday close	% change previous week	% change year to date
North America			
Pacific Stock Exchange Technology	286.49	-1.40	
Standard & Poor's Technology Composite	704.64	+0.67	
Europe			
Morgan Stanley Eurotec	437.78	-2.18	
Asia			
Topix Electric	1626.74	-1.06	

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- Microsoft Now in the Dashboard Jan. 9
- Motorola Said to Double China Investment Jan. 9
- BT to Raise Charge for Directory Assistance Jan. 10-11
- Computer Stocks Lift Wall Street Out of Asian Turmoil Jan. 13
- Siemens and Motorola Detail Chip Project Jan. 13
- Esky's Plans Digital TV in 2nd Quarter Jan. 13
- Motorola Profit Shows Silver Lining Jan. 14
- Setback for Microsoft in Antitrust Case Jan. 14

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to tribtech@ihl.com.

International Herald Tribune

Companies to Fine-Tune Digital TV to Analog Sets

By Sabra Chartrand
New York Times Service

MANY people may not be ready to buy a new television when digital high-definition broadcasts begin in the United States and Europe later this year and in Japan in 2000. Lots of others will not be able to afford the new sets.

But their old analog sets will have to be capable of receiving digital signals, which will require a decoder. This is a device that can "down-convert," in industry lingo, a digital signal into an analog signal that can be received, recorded and played back by conventional sets.

Hitachi America Ltd. has received a patent for a decoder that can translate digital high-definition, or digital standard-definition signals, into an analog signal. High definition is a digital signal with greatly improved picture quality; standard definition is a digital signal with the same resolution as analog television.

Broadcasters are interested in both signals because they offer singular advantages over analog television. High definition offers a great picture, but transmission is so complex that it fills an entire channel. Standard definition offers an ordinary picture but leaves enough room in the channel to broadcast more than one signal.

So when broadcasts of digital television begin, viewers will probably watch some combination of high and standard definition. The most common proposal is to have several standard-definition channels during the day, and one high-definition prime-time channel at night.

Building a decoder that can handle both signals is an expensive undertaking, one that makers thought would make inexpensive analog televisions almost as costly as some digital sets. That is because the vast amount of data in an HDTV signal requires at least 10 megabytes of computer memory.

But Hitachi says it has patented a technology that cuts those costs by maximizing the common circuitry used to

down-convert both high-definition and standard-definition pictures.

The Hitachi decoder accomplishes this by "preparing" and "down-sampling" — two terms for reducing the amount of data used to represent digital pictures. Bytes of data used to represent pixels, the points of light that make up a video picture, are reduced from eight bits to five, six or seven.

Markers indicating luminance — the definitions of brightness — or chrominance — the definitions of color — are limited to a predetermined amount. Less data mean the decoder can use a smaller channel buffer — where the digital signal is temporarily stored — and less complicated circuitry to process the signal.

The lesser character in the drama surrounding the evolution of digital television has been the videocassette recorder — what of its technology?

IN THE EARLY 1990s, the leading electronics manufacturers agreed on a new technical format for VCRs that could record and play back a digital signal. To accommodate the standard signals of digital television, the complex they chose used a magnetic tape of a different size from what is found in today's cartridges. New electronic circuitry was necessary, too, to replace analog VCRs with digital models.

This next generation of technologies meant that, ultimately, consumers would have to buy new VCRs to record a digital television signal. And their old tapes would not play on those new machines.

Now Goldstar Ltd., a South Korean electronics company, has won a patent for a VCR that can record and play back a digital signal on current Super-VHS tapes. Goldstar is part of LG Electronics, which also holds a majority share of Zenith Electronics.

In step with Goldstar, Victor Co. of Japan, a unit of Matsushita Electric Industrial Co., also announced plans to introduce a digital VCR that uses standard-sized tapes. Thus yet another war over formats may be brewing in the digital-television revolution.

ALT / Commentary

Europe's Low-Tech Teletext: Clunky but Durable

By John Burgess
Washington Post Service

LONDON — As Europe looks forward to the arrival of digital television this year, it is time to take an appreciative look back at some old television technology: teletext.

Europe has turned teletext into a standard, free service on millions of televisions. In Britain, two-thirds of all TV sets can receive it, and surveys show about 19 million people a week using versions offered by a company called Teletext Ltd.

Teletext technology is nothing fancy. It employs a long-established electronic data conduit called the "vertical blanking interval" to add text and graphics to the signal of any TV station. In the United States, it has been used primarily to send closed captions to people with hearing disabilities.

Europeans consult teletext to see what is on television or whether rain is likely to douse a picnic. They find out soccer scores or the speed of the greyhound they bet on. They check out

vacation cruise packages, find pen pals and stock quotes — securities firms here sometimes notice peaks and valleys in orders based on when the numbers on teletext are updated.

Commercial services have ads as well. "Win Instant Cash" says a flashing banner on one page. "Pay Off All Your Debts Now!" says another.

For a few people, it has become their primary source of news, overtaking television, radio and newspapers. For others, it has become another reason to fight over the remote control. Not only can you tune the channels here, you can stay on the same one and jump between teletext pages indefinitely.

What is happening is that the local TV station is pumping out a collection of pages of text in sequence, over and over, about 10 per second. When you switch to text mode on your remote-control channel changer, you see on the screen a menu that identifies pages by number. By keying in the page number, you are in effect telling your set to grab that page next time it comes in and display it. That can take 10 seconds or more.

Why didn't it catch on in the United States? Largely, it seems, because of differences in how the TV industry is structured.

CBS, for example, tried teletext in the 1970s and early 1980s but gave up. Broadcasters in the United States generally were skeptical of the whole idea. They were concerned, for one thing, that they would

be competing against themselves — anyone flipping over to teletext would not be watching the shows that cost so much to produce.

There was no organized effort by the industry to get receiving equipment into American homes, and teletext died a largely unnoticed death just as computer on-line services were beginning to offer something similar.

Things happened differently in Europe, where government and industry like to get together and decide which services work, rather than letting the market decide. In Britain, where the noncommercial BBC dominated TV broadcasting in the 1970s, its decision to go with teletext meant that set makers had to follow suit.

More than 20 years later, the technology is showing its age. The graphics are clunky, like those that computer screens used to show a decade ago. TV screens are not great at displaying text, so the letters have to be big and the reports have to be short — 39 characters per line. And the rise of on-line networks has made teletext's lack of interactivity an ever more glaring shortcoming.

The medium is essentially one-way — you can think of each page of text as a minichannel that you've tuned to. Vacation packages are often sold via teletext, but the way it works is simply that you scan the pages until you find a deal, then call a phone number on the screen to place your order.

Still, teletext companies have struggled mightily to add something resembling interactivity. Air travel ser-

vices offered over Teletext Ltd., for example, allow you to customize pages to get specialized flight information by pressing touch-tone keys on a telephone.

Produced by about 90 people, the BBC's Ceefax teletext service is operated as a service to the people of Britain and draws an estimated 17 million people a week. It carries no advertising, drawing instead on subscription fees that households pay.

Teletext Ltd. provides the service found on two of Britain's three commercially operated TV stations. It is government-licensed, acting in effect as an independent broadcaster that just happens to use the signals of those stations. Its income is primarily from ads — companies can target customers with ads on specific pages.

The British services now are looking forward to the advent of digital television in coming years. With that technology's greater transmitting capacity, they are hoping for sharper graphics, pages with photographs and better interactivity.

But in the meantime, millions of people find the present version just fine. It's low-tech and it's one-way, but it works. You don't have to buy a computer, fight to make the software work, or up your phone line or pay a monthly fee. You just hit a "text" button, and there it is on the screen.

ALT, the name of this column, is meant to symbolize the "ALT" key — alternate — on most personal computer keyboards and suggest the "alternative" viewpoints expressed here.

BRIEFLY

• **FLATTENING EFFECT:** Sharp Corp. and Semiconductor Energy Laboratory Co. say they have developed liquid-crystal display technology that will make possible the development of paper-thin computers.

The technology, called "continuous grain silicon," would allow the development of a large glass panel that incorporates both chips and thin-film-transistor LCDs, Sharp said. The company expects products incorporating the new technology to begin contributing to its profit in the year that starts April 1.

The technology also allows LCD screens and chips to be manufactured in the same process, a Sharp spokesman said. That would enable the development of high-speed multimedia terminals, including personal computers and credit card-sized communications tools, formed on a single glass sheet of any size, the company said.

Under the new process, electrons travel through semiconductors in LCDs about 600 times as fast as they do in the amorphous silicon TFT LCDs that are widely used at present. (Reuters)

• **COLD WAR REUNION:** Margaret Thatcher and Mikhail Gorbachev, better known for global politics than for graphical user interfaces, will headline the 1998 World Congress on Information Technology in Fairfax, Virginia, event organizers said.

The former British prime minister and the last Soviet leader will be among the

visiting luminaries at the conference June 21-24 that organizers hope will attract about 1,800 business, technology and political leaders from around the world to George Mason University. The biennial event was last held in Spain in 1996.

The World Congress is not designed for the grass-roots technology buff or the casual Web surfer. Rather, it is designed for high-level decision-makers; the admission price is \$1,250.

"The ideal beneficiary of the event will be senior executives from the IT industry," said Jim Poissant, executive director of the 1998 World Congress, referring to information technology.

There will be special emphasis on networking of the human rather than computer variety, Mr. Poissant said, with a series of meals, receptions and golf outings to help cultivate relationships among attendees. (WP)

• **ON-LINE IN THE U.K.:** Awareness and usage of the Internet has grown steadily in Britain over the last five years, but the typical users continue to be young men with white-collar jobs, according to a survey released Wednesday.

Continental Research, a British media research firm owned by the U.S.-based media research and ratings company Arbitron, said it had found that 92 percent of British adults were aware of the Internet, compared with 68 percent in 1992. The survey polled 2,085 people aged 15 and over and 200 regular Internet users.



Top bills Gorbachev and Thatcher.

Among regular users of the Internet, men outnumber women almost 3-to-1, the survey said. According to its findings, 38 percent of users are under 24 years old, 26 percent are 25 to 34 years, 20 percent are 35 to 44, and 15 percent are over 45.

Regular users have an average annual income of £31,000 (\$50,620), compared with a national average of £17,500, Continental Research said. (Reuters)

• **OPEN LINES IN ASIA:** Japan has the most competitive telecommunications network among 10 Asian and Pacific countries studied in a survey by the National University of Singapore. The survey, called the Asia-Pacific

Telecommunications Index, ranked Australia second in competitiveness, followed by Singapore.

About 160 major corporations with operations in the region were interviewed for the survey, which was based on prices that multinational corporations are charged as well as services, choice of networks and transparency of local regulators.

The report ranked Thailand, Indonesia and the Philippines as the least competitive markets for telecommunications. (Bloomberg)

• **PATENTLY INVENTIVE:** International Business Machines Corp. continued its dynasty last year in a closely watched intellectual contest, receiving the most U.S. patents of any company in the world, according to the annual Patent Intelligence and Technology report released by IPI/Plenum Data Corp. of Wilmington, North Carolina.

IBM, which has led the list for five years in a row, received 1,742 U.S. patents in 1997. It was followed by Canon Inc., with 1,381 patents, NEC Corp. with 1,101 and Motorola Inc. with 1,065. Of the top 10 companies listed, seven were based in Japan and three in the United States.

The IPI/Plenum survey, which began in 1975, is seen within technology circles as a measure of a company's commitment to research and of its ability to translate research into products. (WP)

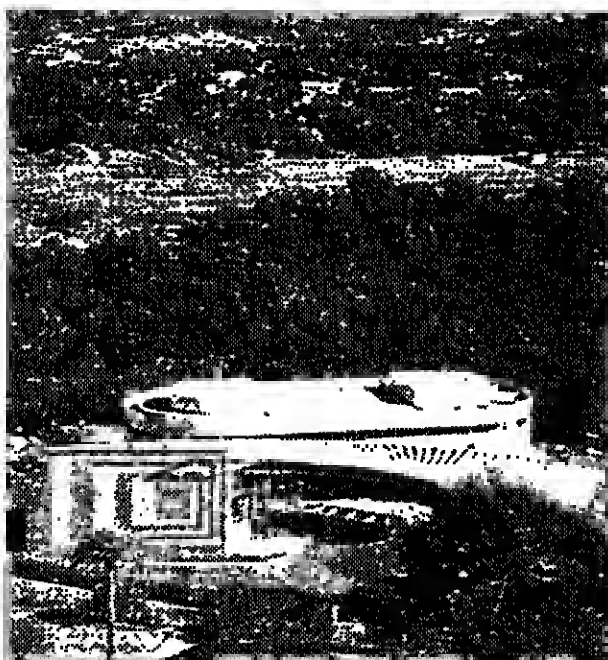
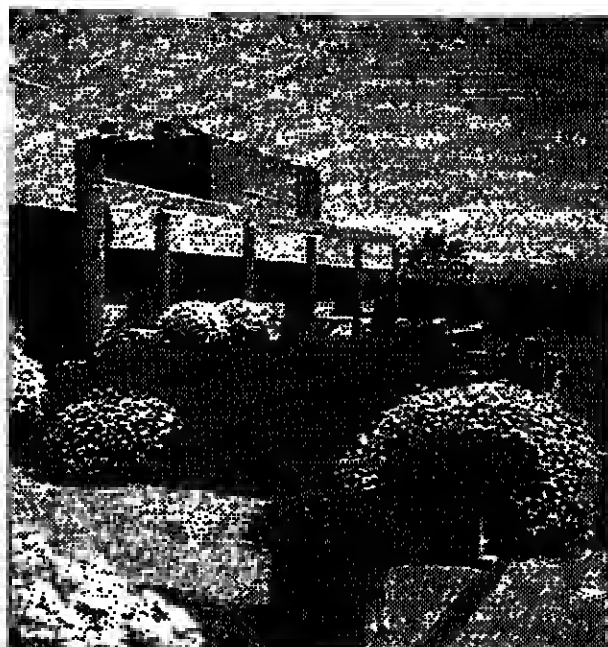
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CÔTE D'AZUR: WHERE HEALTH SCIENCES FLOURISH

The convergence of biotechnology and information technology, both specialties of Côte d'Azur companies, augurs well for the development of life sciences in the South of France. Local enterprises and multinational companies benefit from the region's strong private research backbone, an international airport in Nice and a reputation as a favored location for medical conventions.

Clockwise from top left: The Galderma International Center for Dermatology Research; production at Arkopharma, a phytotherapy firm; the European Heart House.



A UNIQUE EDGE FOR HOMEGROWN HEALTH FIRMS

Speed, innovation and technology boost local firms.

In the highly competitive health-care industry, the Côte d'Azur offers unique advantages to locally founded and run companies. Laboratoires Virbac is the 11th-largest veterinary pharmaceutical company in the world, number one in France in veterinary dermatology and number two in the French veterinary market overall. It was founded in 1968 by a local veterinarian and maintains its corporate headquarters in Carros, near Nice.

Pascal Boissy, the company's president, points out that though the French Riviera boasts no school of veterinary medicine, "Our research is done in many countries, and telecommunications has improved so much that information can be shared easily."

For him, the region's strong advantages include Nice Airport, the high-tech image fostered by Sophia Antipolis and the fact that "the French Riviera is well-known, so people want to come here — customers, partners, clients, employees."

Innovative products Bart De Wever Jr. is the director of business development at Skinethic, a five-year-old firm in Nice that cultivates and sells bioengineered skin to laboratories. Mr. De Wever emphasizes both the importance of Nice Airport (the skin must be shipped within 24-72 hours) and the international environment.

Then he adds, "I wouldn't have moved here if this were not the French Riviera. The atmosphere is international, the services and climate exceptional, and it has always been my dream to live here."

Stanislas Boulet d'Auria, president of 3X Engineering, grew up on the Côte d'Azur. Ten years ago, he founded a Monaco company that makes technical pieces in plastic, mostly for medical purposes. His success prompted him to found 3X Engineering. One of the latter's products is a box for the transport of blood, which is much smaller, lighter and stronger than existing styrofoam boxes. It is being marketed by FDM Pharma, a company in nearby Sophia Antipolis.

Response time is important for large companies as well as small ones. France's largest company in phytotherapy (the use of plant remedies in medicine) is Arkopharma, founded in 1980 in Carros. When its customers expressed concern about the risk of mad cow disease in 1997, the company quickly introduced an all-plant-based shell to replace gelatin shells in its best-selling Arkocap brand capsules. Arkopharma packed more than 1.5 billion of the capsules last year, representing more than 80 percent of the French market.



"Biogranules" developed by local firm Bionatec.

RESEARCH AND COMMERCIAL DEVELOPMENT GO HAND IN HAND

The health sciences industry on the Côte d'Azur, which boasts top facilities and a favorable business environment, generates about \$1.6 billion a year.

The health sciences sector of the Côte d'Azur economy currently encompasses 200 companies and 10,000 employees, generating 10 billion francs (\$1.6 billion) annually. About 42 percent of these companies are engaged in pharmaceutical activities and

45 percent in biomedical, with associated services accounting for the rest.

Although a core of family-owned companies has been operating in this sector for decades, the region's potential for health sciences has come to international attention more recently, with the

increasing convergence of biotechnology and information technology.

That trend augurs well for the region, which has created the moniker "Telecom Valley" to underline its expertise in information and communications technology.

Public/private partnerships High-speed telecom networks and sunshine alone would not be reason enough for major health-care companies to locate — or relocate — to the French Riviera.

"The development of the private health-care sector depends on a partnership between public and private [research] activities," explains Patrick Rampal, dean of the faculty of medicine at the University of Nice.

At Sophia Antipolis, projects in telemedicine and distance teaching have been under way for several years to benefit doctors and patients in rural France, in Europe and around the world.

Equally influential is the presence of research labs like the world-renowned Institute of Molecular and Cellular Pharmacology in Sophia An-

tipolis (the science park near Nice that is home to many Telecom Valley members).

Michel Lazdunski, who won France's prestigious Prix de la Fondation Athénas in 1991, directs the institute of 100 researchers focusing on cellular and molecular pharmacology and the pathological approach to nervous, muscular, cardiovascular and epithelial-endocrine system regulations.

Specialized centers The region boasts three specialized cardiology treatment centers, each with its own area of concentration: the University Hospital of Nice in cardiovascular systems; the Institute Arnault Tzanck in Nice, encompassing cardiac surgery, experimental surgery and medical testing; and the Cardio-Thoracic Center in Monaco for cardiac surgery and infant heart surgery.

Cardiologists also have their own facility for training and education, the European Heart House, opened in Sophia Antipolis in 1993.

The headquarters of the European Society of Cardiology is located there. Wil Nejmman, who manages the administrative branch of the ESC and the facility, says that the reputation of the area and its popularity with doctors were among the reasons for locating in the South of France, and notes, "We are developing a universal database for cardiology in Europe and the expertise in Sophia will be helpful."

Dozens of medical conferences are held on the French Riviera every year, making the area Europe's most popular destination for such meetings. The region's premier convention sites are the Acropolis Convention Center in Nice and the Palais des Festivals in Cannes.

High exports and new jobs One-fifth of the region's health-care companies were started with foreign capital, mostly from Europe. Eleven percent of these are from

neighboring Monaco, 10 percent from the rest of Europe, and 2 percent from the United States.

For small, locally based enterprises, alliances with foreign companies are as important as funding for future growth because of the R&D cost of new products and the need to export. The cost of developing a new medical product in France was \$10 million in 1980, but soared to about \$400 million in 1996.

Still, France was number seven in the world for medical discoveries in 1996, and the country is a net exporter of pharmaceuticals. Employment in the health-care sector grew six times faster than total employment in France from the early 1980s to the early 1990s, according to France's Center for Research, Studies and Documentation in the Economy of Health (CREDES).

On the Côte d'Azur, both small and large companies benefit from its specialized enterprises; public research, training and education; and a commercial environment motivated to promote such activities.

A GROWING CRITICAL MASS OF INTELLECTUAL RESOURCES

THE PROVENCE-ALPES-MARTIMES-CÔTE D'AZUR (PACA) region has the second-largest concentration of public research in France after Paris, with about 100 public research laboratories in the health sciences. About the same number of companies conduct research and development activities in this sector.

"Fifty-five percent of total research in France is done in Paris," says Michel Lazdunski, director of the Institute of Molecular and Cellular Pharmacology. "But quantity doesn't necessarily mean quality."

What is important for businesses and organizations operating in the health sciences is a critical mass of public and private research initiatives combining basic and applied research, plus a university or a medical school as a focal point.

That is the case on the Côte d'Azur, where 57 of the area's 100 labs are affiliated with the University of Nice-Sophia Antipolis (UNSA). UNSA offers 15 health-related disciplines for 27 degree or training courses of study.

Top facilities

The university's medical school alone has 20 research labs and a 2,000-bed hospital complex, plus 10 additional labs devoted to clinical research. In 1997, its students had the highest success rate in France in the nationwide exam to become medical specialists, with 65 percent of those taking the test succeeding. Two Nice students received the second- and seventh-highest scores overall.

Nice students also scored best in the national test given to medical students after their first year of study. These results are not accidental. Rather, they are the fruit of a concentrated effort by the school, led by Dean of Faculty Patrick Rampal.

Dr. Rampal is also spearheading the drive for a 5,000-square-meter (54,000-square-foot) enlargement of research facilities in the hospital complex.

"Close cooperation between basic and applied research labs is desirable, and that is what will be built," he says.

Ha points out that the geographic location of the region is also fortunate.

"We are a border zone near both Spain and Italy. The European Union has funding for projects that encourage cross-border exchanges and we are logistically well-placed to take advantage of them. Our faculty has cooperation with Genoa and Turin; we are twinned with the latter and we share some specializations, such as pharmacology."

Sophia Antipolis

The medical school is not the main site of research activity in the region. In Sophia Antipolis alone, there are about a dozen research laboratories in life sciences.

One of these is the Galderma International Center for Dermatology Research (CIRD), set up in 1979 in partnership with Nice's University Hospital. Together they created the Applied Clinical Pharmacology Center for Dermatological Research (CPCAD), which has 1,200 patented products and is one of the world's leading basic research dermatology labs.

Other important regional research centers fall under the aegis of the Health Care Research Institute (IRPS), the Federative Research Institutes (IFR), the National Center for Scientific Research (CNRS), the National Institute for Health and Medical Research (INSERM, equivalent to the National Institutes of Health in the United States), the National Institute of Research in Information Technology and Automation (INRIA) and the National Institute for Agronomic Research (INRA).

A MAGNET FOR INNOVATIVE COMPANIES

An international reputation and state-of-the-art services draw corporations to the Côte d'Azur.

Foreign companies account for between 20 percent and 25 percent of the some 200 health-sciences enterprises on the Côte d'Azur. Pharmaceutical firms take the lead — almost 30 percent are foreign-owned.

Gaetano Zamboni is the international business coordinator of the Italian Zamboni Biomedica, which set up a facility at Sophia Antipolis in 1980. He cites as advantages the French Riviera's "climate of competence" and the opportunity to interact with peers through professional groups and associations; an excellent geographical location for doing business in France, Spain, Italy and the Mediterranean markets — including access to the ports of Marseilles and Genoa; the port and outstanding airport in Nice; and an expanding university.

Zamboni's facility in Sophia Antipolis is the company's worldwide center for its hospital home-care business; the French market in this sector is four times the size of Italy's. Dr. Zamboni calls attention to what he labels the "myths" of working in the South of France.

"A lot of people, including Italians, believe that people here don't work hard. That is not true. They work harder than people in Paris," he says. "Plus, you can have all the services a company needs right here and in more attractive surroundings than you find in Paris."

Michel Lazdunski, director of the Institute of Molecular and Cellular Pharmacology, located in Sophia An-

tipolis, adds: "Researchers don't have to go to Paris. Only heads of groups must go, and only for administrative reasons. I go to Paris fairly often, but never for a scientific reason."

Foreign firms go local

Most foreign operations with facilities on the Côte d'Azur have headquarters elsewhere in Europe; only 2 percent originate in the United States. One of the latter was Cordis, a U.S. company producing "infusystems," external and implantable systems to administer drugs locally into the vascular and nervous systems. It opened offices in Sophia Antipolis in 1985 under the direction of Jacques Le Guillerm.

Today, Mr. Le Guillerm is the director of Elekta-Implants, a local enterprise that has taken over the Cordis operations.

"Our region offers a humanistic dimension that goes beyond health care," he says. "The beauty of the area and contact with nature, but above all the deep roots of our cultural past, reflect humanism and inspire great researchers to go beyond technique and become philosophers."

Patrick Mélières is the chairman of Elaiapharm, the local company that in 1997 took over a facility set up in Sophia Antipolis by Britain's Wellcome group in the 1980s.

He notes two other regional attractions — the image of Sophia Antipolis internationally and the support of local authorities.

"Sophia Antipolis's strength in multimedia and its high-tech image were important to us," says Mr. Mélières. "The park has a great image internationally that helps us in our development of international markets. And the local authorities are valuable in encouraging the development of life sciences. They listen and they help, especially at the perfect level."

Given Sophia Antipolis's reputation, it is not surprising that one-fourth of the health-care companies on the Côte d'Azur are based there, and they tend to be the youngest in the area. More than one-fifth are in Nice, and Carros-Le Broc, an industrial zone near Nice created around the same time as Sophia Antipolis, claims 14 percent. Another 17 percent are based in nearby Monaco.

French companies

Companies relocating to the region may also come from elsewhere in France. Such is the case with Focus Imaging, a recent arrival originally from Grenoble. It settled in Sophia Antipolis because it needed "an open and international environment and an advanced telecommunications infrastructure," according to Director Frederik Brag.

Focus Imaging's first software product, CardioMatch, helps cardiologists evaluate the results of EKGs more quickly and with fewer errors. It is a perfect illustration of the convergence of information technology and health sciences.

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● Sophia Antipolis: <http://www.saem-sophia-antipolis.fr/>
● University of Nice, Sophia Antipolis: <http://www.unice.fr>
● European Society of Cardiology: <http://www.esc.be>
● National Center for Scientific Research: <http://www.cnrs.fr>

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CURRENT

January 15, 1998

Record Profits Bring Little Cheer

U.S. Carmakers Scramble to Fight Fierce Competition From Asia

By Robyn Meredith
New York Times Service

DETROIT — The Big Three American automakers might be expected to pop champagne. After all, the stock market has soared, the economic expansion continues, and interest rates have fallen to record lows, all of which would normally lure buyers to showrooms.

Instead, Detroit is acting almost as if a recession had hit, hunkering down to save pennies wherever possible to cut costs sharply in the face of growing competition from Asia.

Ford Motor Co. has told Wall Street analysts that it cut \$3 billion in costs last year and plans to trim an additional \$1 billion this year.

"This is the first time in the history of Ford that we've reduced our total cost of doing business from one year to the next," Alex Trotter, Ford's chairman, said last week. "It is pretty clear now that we will have a record year in terms of profits for 1997."

For the Big Three, cutting costs seems to be the only way to increase profits. The market for car and truck sales in the United States is not growing, and it might even shrink slightly this year. In addition, there has been no room to increase car and truck prices, in part because the strengthening dollar has allowed Asian automakers to lower their prices, forcing the Big Three to follow suit.

John Devine, Ford's chief financial officer, said, "What is going on in Asia is putting enormous competitive and pricing pressures on us."

Relative prices of new cars and trucks

in the third quarter were the lowest in 17 years, according to Comerica Bank, which calculates how many weeks of work at an average wage it takes to buy a new vehicle, although the competition is stronger on cars and minivans than on the popular sport-utility vehicles.

"We have deflation in the auto industry in spades," said Jack Kirman, an auto analyst at Salomon Smith Barney.

General Motors Corp. said last week that it spent \$1 billion more on rebates and other incentives in 1997 than it expected a year ago it would. Ford announced Friday that it would increase the rebates and discounted lease deals it was offering through April 2. Its cheapest car, the 1998 Ford Escort, now costs \$10,745 including the \$1,000 rebate.

That, however, is still well above the discounted prices of some of its Asian competitors. Because of the strength of the dollar, automakers abroad can set low prices or introduce rebates without eating into their profits. Just last week, for example, Hyundai Motor Co. of South Korea increased its rebates — its cheapest car, the Accent coupe, can now be bought for \$8,534.

Because the Asian currency crisis has left sales so weak at home, Hyundai plans to increase its exports by 15 percent this year, with most of the shipments headed to the United States, the company said.

The largest Asian automakers, Toyota Motor Co. and Honda Motor Corp. of Japan, have used the weakness of the yen to hold down prices on their new models even while adding features to the vehicles. Though both companies tend to steer clear of cash rebates,

Toyota has been offering discounted leases as a way of reducing prices.

U.S. shoppers have forced the Big Three to follow suit, putting pressure on their profits. Because they are earning less on each car they sell but do not want to disappoint shareholders with weaker profits, the American companies are trying to make up the difference by cutting costs.

Chrysler Corp. has adopted a limited hiring freeze, adding only essential workers such as engineers. The company is concentrating on reducing its expenses in other ways, too. Chrysler cut \$1.2 billion in costs during the 1997 model year, and it plans to cut at least \$1.5 billion in the current model year, which ends in September, said Thomas Stalkamp, the company's president. "We're just about 50 percent of the way there," he said.

GM is expected to report fourth-quarter earnings of \$1.97 a share, up from 55 cents a share in the fourth quarter of 1996, according to a consensus of Wall Street analysts' estimates prepared by First Call.

John Smith, GM's chairman, said although the fall in Asian currencies "puts competitive pressure" on the company, "all in all, it should be a good year."

Ford is expected to report fourth-quarter profit of \$1.25 a share, up from 98 cents a share a year earlier. Profit at Chrysler, hurt in the fourth quarter by a slow introduction of its newest large-sedan models, is expected to be the weakest of the lot, though still respectable. Analysts expect it to earn \$1.12 a share in the fourth quarter, down from \$1.51 a share a year earlier.

U.S. Scolds Japan Over Auto Market

As Trade Surplus Soars, Tokyo Faces 'Severe' Response Over Export Policy

Compiled by Our Staff From Dispatches

TOKYO — Senator Carl Levin, Democrat of Michigan, said Wednesday that Japan had done little to open its markets to American car parts, and he warned that Tokyo would face a "severe" response if it tried to export its way out of its current slump.

At the same time, Japan reported that its current-account surplus surged 91.8 percent year-on-year in November as imports fell despite international calls on Tokyo to raise domestic demand.

The surplus totaled 1.282 trillion yen (\$9.7 billion) in November, rising for the eighth straight month. Exports expanded 6.1 percent to 4.093 billion yen, but imports shrank 5 percent to 2.843 billion yen, the first year-on-year decline since July 1994, when imports edged down 0.8 percent.

Finance Minister Hiroshi Mitsuoka blamed the sluggish economy for the rise in the surplus, forecasting a moderation in the increase as government measures

to stimulate the economy kicked in. Such a transition would be welcome by Japan's international critics.

"If Japan tries to export its way out of its economic slowdown while keeping its market effectively closed, there will be a severe negative reaction in the U.S.," Mr. Levin said during a press conference at the U.S. Embassy in Tokyo.

Mr. Levin, a member of the Senate Small Business Committee, said Japan faced possible sanctions under the U.S. "Super 301" trade provision if it failed to open its auto-parts market.

Further backlash came from General Motors Corp. in Detroit. Harold Kutner, GM's vice president for worldwide purchasing, accused the Japanese government of "exporting its woes" using the weak yen to increase exports rather than adopting structural reforms to raise the purchasing power of Japan's consumers. The dollar has appreciated more than 15 percent against the yen in the past six months, lowering the cost

for Japanese automakers to deliver a vehicle to the United States by "multiple thousands of dollars" and giving them a major cost advantage over their Detroit-based rivals, Mr. Kutner said.

Mr. Levin called Japanese regulations, such as those that make it difficult for repair shops to stock foreign parts, "a brick wall" that inhibited competition and raised prices.

As a result, he said, "the Japanese consumer is being gouged."

Mr. Levin said parts made in Japan for Japanese vehicles cost as much as double the U.S. price for identical parts for the same vehicle. He said a spark plug that had been purchased in Japan for a 1991 Toyota Camry had cost \$20 yen (\$3.92), compared with the equivalent (\$2.59) for the same spark plug in the United States.

"How can Japanese auto parts that have to be shipped to the U.S. cost less in the U.S. than in Japan?" he asked.

(AP, AFP, Bloomberg)

Has TV Fumbled With Huge NFL Pact?

By Richard Sandor and Stuart Elliott
New York Times Service

NEW YORK — In a dramatic finale to the most expensive sports television negotiations ever, the ABC network retained rights to broadcast "Monday Night Football" for \$4.4 billion over eight years and ESPN secured exclusive National Football League cable rights by paying \$4.8 billion for the entire Sunday night package.

The agreements, which came one day after the Fox network retained its National Football Conference rights and

But Madison Avenue has a message for television networks that think they will recoup those payments by sharply increasing advertising rates: Forget about it.

"Clearly, football is a marquee sales vehicle," said Steve Grubbs, executive vice president for national broadcast at the American offices of BBDO Worldwide, a unit of Omnicom Group in New York. "But the networks can charge only what people are willing to pay. We know they'll have to push the envelope and raise rates, but just as they had a walkaway point in their negotiations with the NFL, we have our walkaway point where we say we can't afford to spend that much money."

The financial commitments made Tuesday by ABC and ESPN, both subsidiaries of Walt Disney Co., swept the NBC network from professional football after 33 seasons. They also ended the eight-year arrangement under which ESPN shared Sunday night games with the TNT network.

With a value of at least \$2.25 billion a season, the NFL contract dwarfs the television deals of other pro sports. The

next highest, for the National Basketball Association, is worth \$660 million a season for four years.

Mr. Grubbs's counterpart at another New York agency, Ogilvy & Mather Worldwide, echoed his assessment.

"Football is a terrific franchise for the networks that carry it," said Peter Christopoulos, president for broadcast and programming/USA at Ogilvy, part of WPP Group. "And it's also a valuable property for advertisers because it reaches upscale men in large numbers."

"But this is still a supply-and-demand marketplace, and if someone crosses the line in terms of value vis-a-vis alternative programming, then less money will go in that direction."

Disney is gambling that owning all the Sunday night and Monday night games will make it an even more potent viewing and advertising force than ever.

ESPN's \$600 million-a-year cable deal is the most expensive of all the packages, exceeding the \$550 million a year to be paid by ABC and Fox and

See FOOTBALL, Page 14

CURRENCY & INTEREST RATES

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M.	1263 M.	1266 M.	1269 M.	1272 M.	1275 M.	1278 M.	1281 M.	1284 M.	1287 M.	1290 M.	1293 M.	1296 M.	1299 M.	1302 M.	1305 M.	1308 M.	1311 M.	1314 M.	1317 M.	1320 M.	1323 M.	1326 M.	1329 M.	1332 M.	1335 M.	1338 M.	1341 M.	1344 M.	1347 M.	1350 M.	1353 M.	1356 M.	1359 M.	1362 M.	1365 M.	1368 M.	1371 M.	1374 M.	1377 M.	1380 M.	1383 M.	1386 M.	1389 M.	1392 M.	1395 M.	1398 M.	1401 M.	1404 M.	1407 M.	1410 M.	1413 M.	1416 M.	1419 M.	1422 M.	1425 M.	1428 M.	1431 M.	1434 M.	1437 M.	1440 M.	1443 M.	1446 M.	1449 M.	1452 M.	1455 M.	1458 M.	1461 M.	1464 M.	1467 M.	1470 M.	1473 M.	1476 M.	1479 M.	1482 M.	1485 M.	1488 M.	1491 M.	1494 M.	1497 M.	1500 M.	1503 M.	1506 M.	1509 M.	1512 M.	1515 M.	1518 M.	1521 M.	1524 M.	1527 M.	1530 M.	1533 M.	1536 M.	1539 M.	1542 M.	1545 M.	1548 M.	1551 M.	1554 M.	1557 M.	1560 M.	1563 M.	1566 M.	1569 M.	1572 M.	1575 M.	1578 M.	1581 M.	1584 M.	1587 M.	1590 M.	1593 M.	1596 M.	1599 M.	1602 M.	1605 M.	1608 M.	1611 M.	1614 M.	1617 M.	1620 M.	1623 M.	1626 M.	1629 M.	1632 M.	1635 M.	1638 M.	1641 M.	1644 M.	1647 M.	1650 M.	1653 M.	1656 M.	1659 M.	1662 M.	1665 M.	1668 M.	1671 M.	1674 M.	1677 M.	1680 M.	1683 M.	1686 M.	1689 M.	1692 M.	1695 M.	1698 M.	1701 M.	1704 M.	1707 M.	1710 M.	1713 M.	1716 M.	1719 M.	1722 M.	1725 M.	1728 M.	1731 M.	1734 M.	1737 M.	1740 M.	1743 M.	1746 M.	1749 M.	1752 M.	1755 M.	1758 M.	1761 M.	1764 M.	1767 M.	1770 M.	1773 M.	1776 M.	1779 M.	1782 M.	1785 M.	1788 M.	1791 M.	1794 M.	1797 M.	1800 M.	1803 M.	1806 M.	1809 M.	1812 M.	1815 M.	1818 M.	1821 M.	1824 M.	1827 M.	1830 M.	1833 M.	1836 M.	1839 M.	1842 M.	1845 M.	1848 M.	1851 M.	1854 M.	1857 M.	1860 M.	1863 M.	1866 M.	1869 M.	1872 M.	1875 M.	1878 M.	1881 M.	1884 M.	1887 M.	1890 M.	1893 M.	1896 M.	1899 M.	1902 M.	1905 M.	1908 M.	1911 M.	1914 M.	1917 M.	1920 M.	1923 M.	1926 M.	1929 M.	1932 M.	1935 M.	1938 M.	1941 M.	1944 M.	1947 M.	1950 M.	1953 M.	1956 M.	1959 M.	1962 M.	1965 M.	1968 M.	1971 M.	1974 M.	1977 M.	1980 M.	1983 M.	1986 M.	1989 M.	1992 M.	1995 M.	1998 M.	2001 M.	2004 M.	2007 M.	2010 M.	2013 M.	2016 M.	2019 M.	2022 M.	2025 M.	2028 M.	2031 M.	2034 M.	2037 M.	2040 M.	2043 M.	2046 M.	2049 M.	2052 M.	2055 M.	2058 M.	2061 M.	2064 M.	2067 M.	2070 M.	2073 M.	2076 M.	2079 M.	2082 M.	2085 M.	2088 M.	2091 M.	2094 M.	2097 M.	2100 M.	2103 M.	2106 M.	2109 M.	2112 M.	2115 M.	2118 M.	2121 M.	2124 M.	2127 M.	2130 M.	2133 M.	2136 M.	2139 M.	2142 M.	2145 M.	2148 M.	2151 M.	2154 M.	2157 M.	2160 M.	2163 M.	2166 M.	2169 M.	2172 M.	2175 M.	2178 M.	2181 M.	2184 M.	2187 M.	2190 M.	2193 M.	2196 M.	2199 M.	2202 M.	2205 M.	2208 M.	2211 M.	2214 M.	2217 M.	2220 M.	2223 M.	2226 M.	2229 M.	2232 M.	2235 M.	2238 M.	2241 M.	2244 M.	2247 M.	2250 M.	2253 M.	2256 M.	2259 M.	2262 M.	2265 M.	2268 M.	2271 M.	2274 M.	2277 M.	2280 M.	2283 M.	2286 M.	2289 M.	2292 M.	2295 M.	2298 M.	2301 M.	2304 M.	2307 M.	2310 M.	2313 M.	2316 M.	2319 M.	2322 M.	2325 M.	2328 M.	2331 M.	2334 M.	2337 M.	2340 M.	2343 M.	2346 M.	2349 M.	2352 M.	2355 M.	2358 M.	2361 M.	2364 M.	2367 M.	2370 M.	2373 M.	2376 M.	2379 M.	2382 M.	2385 M.	2388 M.	2391 M.	2394 M.	2397 M.	2400 M.	2403 M.	2406 M.	2409 M.	2412 M.	2415 M.	2418 M.	2421 M.	2424 M.	2427 M.	2430 M.	2433 M.	2436 M.	2439 M.	2442 M.	2445 M.	2448 M.	2451 M.	2454 M.	2457 M.	2460 M.	2463 M.	2466 M.	2469 M.	2472 M.	2475 M.	2478 M.	2481 M.	2484 M.	2487 M.	2490 M.	2493 M.	2496 M.	2499 M.	2502 M.	2505 M.	2508 M.	2511 M.	2514 M.	2517 M.	2520 M.	2523 M.	2526 M.	2529 M.	2532 M.	2535 M.	2538 M.	2541 M.	2544 M.	2547 M.	2550 M.	2553 M.	2556 M.	2559 M.	2562 M.	2565 M.	2568 M.	2571 M.	2574 M.	2577 M.	2580 M.	2583 M.	2586 M.	2589 M.	2592 M.	2595 M.	2598 M.	2601 M.	2604 M.	2607 M.	2610 M.	2613 M.	2616 M.	2619 M.	2622 M.	2625 M.	2628 M.	2631 M.	2634 M.	2637 M.	2640 M.	2643 M.	2646 M.	2649 M.	2652 M.	2655 M.	2658 M.	2661 M.	2664 M.	2667 M.	2670 M.	2673 M.	2676 M.	2679 M.	2682 M.	2685 M.	2688 M.	2691 M.	2694 M.	2697 M.	2700 M.	2703 M.	2706 M.	2709 M.	2712 M.	2715 M.	2718 M.	2721 M.	2724 M.	2727 M.	2730 M.	2733 M.	2736 M.	2739 M.	2742 M.	2745 M.	2748 M.	2751 M.	2754 M.	2757 M.	2760 M.	2763 M.	2766 M.	2769 M.	2772 M.	2775 M.	2778 M.	2781 M.	2784 M.	2787 M.	2790 M.	2793 M.	2796 M.	2799 M.	2802 M.	2805 M.	2808 M.	2811 M.	2814 M.	2817 M.	2820 M.	2823 M.	2826 M.	2829 M.	2832 M.	2835 M.	2838 M.	2841 M.	2844 M.	2847 M.	2850 M.	2853 M.	2856 M.	2859 M.	2862 M.	2865 M.	2868 M.	2871 M.	2874 M.	2877 M.	2880 M.	2883 M.	2886 M.	2889 M.	2892 M.	2895 M.	2898 M.	2901 M.	2904 M.	2907 M.	2910 M.	2913 M.	2916 M.	2919 M.	2922 M.	2925 M.	2928 M.	2931 M.	2934 M.	2937 M.	2940 M.	2943 M.	2946 M.	2949 M.	2952 M.	2955 M.	2958 M.	2961 M.	2964 M.	2967 M.	2970 M.	2973 M.	2976 M.	2979 M.	2982 M.	2985 M.	2988 M.	2991 M.	2994 M.	2997 M.	3000 M.	3003 M.	3006 M.	3009 M.	3012 M.	3015 M.	3018 M.	3021 M.	3024 M.	3027 M.	3030 M.	3033 M.	3036 M.	3039 M.	3042 M.	3045 M.	3048 M.	3051 M.	3054 M.	3057 M.	3060 M.	3063 M.	3066 M.	3069 M.	3072 M.	3075 M.	3078 M.	3081 M.	3084 M.	3087 M.	3090 M.	3093 M.	3096 M.	3099 M.	3102 M.	3105 M.	3108 M.	3111 M.	3114 M.	3117 M.	3120 M.	3123 M.	3126 M.	3129 M.	3132 M.	3135 M.	3138 M.	3141 M.	3144 M.	3147 M.	3150 M.	3153 M.	3156 M.	3159 M.	3162 M.	3165 M.	3168 M.	3171 M.	3174 M.	3177 M.	3180 M.	3183 M.	3186 M.	3189 M.	3192 M.	3195 M.	3198 M.	3201 M.	3204 M.	3207 M.	3210 M.	3213 M.	3216 M.	3219 M.	3222 M.	3225 M.	3228 M.	3231 M.	3234 M.	3237 M.	3240 M.	3243 M.	3246 M.	3249 M.	3252 M.	3255 M.	3258 M.	3261 M.	3264 M.	3267 M.	3270 M.	3273 M.	3276 M.	3279 M.	3282 M.	3285 M.	3288 M.	3291 M.	3294 M.	3297 M.	3300 M.	3303 M.	3306 M.	3309 M.	3312 M.	3315 M.	3318 M.	3321 M.	3324 M.	3327 M.	3330 M.	3333 M.	3336 M.	3339 M.	3342 M.	3345 M.	3348 M.	3351 M.	3354 M.	3357 M.	3360 M.	3363 M.	3366 M.	3369 M.	3372 M.	3375 M.	3378 M.	3381 M.	3384 M.	3387 M.	3390 M.	3393 M.	3396 M.	3399 M.	3402 M.	3405 M.	3408 M.	3411 M.	3414 M.	3417 M.	3420 M.	3423 M.	3426 M.	3429 M.	3432 M.	3435 M.	3438 M.	3441 M.	3444 M.	3447 M.	3450 M.	3453 M.	3456 M.	3459 M.	3462 M.	3465 M.	3468 M.	3471 M.	3474 M.	3477 M.	3480 M.	3483 M.	3486 M.	3489 M.	3492 M.	3495 M.	3498 M.	3501 M.	3504 M.	3507 M.	3510 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Singapore To Get New Skin Plant

2 Month Low Stock Div Yld BE St Val Wtd Avg Cost Basis

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ASIA/PACIFIC

Singapore To Get New Chip Plant

Lucent to Team Up With Local Company In \$1 Billion Project

Compiled by Our Staff From Dispatches

SINGAPORE — The microelectronics division of Lucent Technologies Inc. and Chartered Semiconductor Manufacturing Ltd. of Singapore said Wednesday they would team up to build a \$1 billion semiconductor wafer plant to make components for computing and communications equipment.

The companies predicted that their chip businesses would grow in 1998 despite the financial crisis in Asia.

"Our anticipation for 1998 is we will probably see about the same growth rate as 1997," John Dickson, president of Lucent's Microelectronics Group, said. He added that the chip industry grew about 7 percent last year. "Clearly there is a current setback in Asia. Our view of that is it's a temporary phenomenon."

Lucent's worldwide revenue reached \$26.36 billion in the year that ended Sept. 30, up from \$23.29 billion the previous year, and Mr. Dickson said the Asia-Pacific region had contributed about a third of sales and had grown more quickly than the company overall.

The two companies' plant would be the 10th such facility in Singapore. It is projected to employ about 800 people in the next two years. The plant, in Singapore's northern Woodlands suburb, is expected to produce 26,000 wafers a month.

The cost of wafer-fabrication plants is rising so rapidly that "even the major semiconductor companies need to partner with someone else," Mr. Dickson said. "It's the only way for companies to move forward."

The Singapore semiconductor plant will be the first for Lucent in the region. Lucent will own 51 percent of the joint-venture company, and Chartered, which is part of the government-owned Singapore Technologies group, will hold the rest.

Wafers from the plant will be used by Lucent's global customers in products such as computing equipment, cellular phones and other electronic devices. Chartered also is to use its portion of output to supply customers around the world.

Lucent's focus on chips for communications products saved it from the past year's falling prices and supply problems in the memory and storage chip areas, Mr. Dickson said.

Chartered expects business to perk up this year after a disappointing 1997, Tan Bock Seng, its chief executive, said. He said both revenue and profit in 1997 were down from 1996.

"But from the fourth quarter, things had started to turn for the better," Mr. Tan said. "In 1998, we expect everything to be significantly better than 1997." He added he was hopeful it could be better than 1996's performance as well.

Mr. Tan declined to disclose Chartered's revenue and profit figures. (Bloomberg, Reuters)

Q & A / Jeffrey Sachs

IMF Prescribes 'Wrong Medicine'

Senior officials of the International Monetary Fund are in Asia this week to try to strengthen IMF programs to help end the region's financial crisis. In Singapore on Wednesday, Jeffrey Sachs, director of the Harvard Institute for International Development, discussed the programs with Michael Richardson of the International Herald Tribune.

Q: Why are you critical of the multibillion-dollar loans-for-reforms packages that the IMF has put together for Thailand, Indonesia and South Korea since August?

A: I am not opposing the IMF as an institution per se. Nor am I opposing international assistance. But what we have seen is the IMF prescribing the wrong medicine.

The crisis in Asia began with a sudden and unanticipated panic withdrawal of funds from the region by international creditors and investors, starting in early July. Within two months, that had jeopardized the entire banking system of Asia.

The IMF made extremely grave mistakes in its early actions in Asia that inflamed the situation. When they came in, they closed down significant numbers of banks in each of the countries they were supposed to assist. The result has been a sharp banking crisis which is now leading to a downward spiral of economic production.

In Thailand, industrial production is down 8 percent from a year

earlier. We are also seeing in countries where internal demand has collapsed that exports are failing to respond the way that one would expect after these currency depreciations because goods cannot leave the ports without credit.

The policy mistakes of the IMF are gravely worsening the situation in Asia. They are unnecessarily deepening the economic contraction, increasing unemployment and bankruptcies, and thereby tremendously raising the costs of overcoming the crisis.

Q: How are banking problems affecting output?

A: Banks are no longer fulfilling the basic functions of providing working capital to industry, and we are seeing bizarre and dangerous outcomes. There are enterprises that would be highly profitable but can't even open a letter of credit to get their exports moving.

In Indonesia, the shoe manufacturers, for example, have confirmed orders of around \$1 billion for the next six months. Yet they have been unable to open a letter of credit because, since the end of December with the collapse of the Indonesian banking system and the downgrades by the credit rating agencies, the letters of credit of Indonesian banks have not been honored internationally.

So you have highly profitable export potential at these exchange rates that is not being fulfilled. The result is a ferocious decline of liv-

ing standards and a ferocious jump in unemployment and social pain.

Q: Indonesia had more than 240 banks, so many it was impossible to regulate them properly. If the IMF did not reduce the number — 16 were closed — how else was the financial system to be cleaned up?

A: Of course the number of banks needed to be reduced. Some needed more capital, and some needed to be merged. But a banking sector restructuring should be done carefully. To come into a country and within three or four days order a significant number of banks to close without proper preparation, without looking at the alternatives of recapitalization, merger, conservatorship, receivership or other strategies, is a serious mistake.

In the case of Indonesia, there were no clear standards about what this meant for remaining banks or the safety of deposits. This led to panic.

Q: How much of the financial crisis was caused by the failures of Asian governments and systems?

A: I think it is a huge mistake to try to find the great cause of all of this in the failures of Asia, rather than in a largely unprepared and unnecessary market panic.

Asia had problems. But it also had great strengths which led foreign banks and investors to put increasingly large amounts of money into the region. These were the same strengths that led the IMF and virtually every other observer



Jeffrey Sachs: Banks squeezed.

to project continued high growth rates in these countries.

The way it is being interpreted right now is that you have evil governments with weak wills that are so corrupted that you need the full force of the world to come down on them to do the right thing. The right thing is defined as what is called for in secret agreements made by the IMF. The only test is whether there is full compliance with the IMF's conditions for extending loans.

But the situation is more complex and serious than this. There was a dramatic reversal of market expectations, a ferocious capital outflow and a market panic that expanded into the domestic banking sectors — all out of proportion to the weaknesses of these economies.

I reject the analysis that this is all the fault of Asia. We are living in a financial hurricane right now, and it must be addressed as such.

Summers Rejects Talk U.S. Is Unmoved by Crisis

Compiled by Our Staff From Dispatches

BANGKOK — Lawrence Summers, the deputy U.S. Treasury secretary, rejected claims Wednesday that the United States was indifferent to Asia's financial crisis, saying Washington had a major stake in the region and would ensure adequate financial support.

During a stop here on his tour of the region, Mr. Summers praised Thailand's progress in carrying out economic reforms demanded by the International Monetary Fund but stopped short of offering to add to the \$17.2 billion IMF rescue package for the Thai economy.

"For trade reasons, for reasons of financial stability and for reasons of national security, the U.S. has a very large stake in Asia's prosperity and stability," he said after meeting with Prime Minister Chuan Leekpai, his economic team and Foreign Minister Taksin Nittinahachinda. "There is no question that this is a critical foreign-policy priority for the U.S."

Bangkok has come to regard the IMF aid package approved last July as too small, given the spread of Asia's economic catastrophe since then, and some of its terms as too stringent. But Mr. Summers stressed that the international lending organization should play the lead role in battling the economic crisis sweeping Asia.

"We are determined to work with the IMF to ensure adequately financed support" to stabilize the Thai



Mr. Summers, with Mr. Taksin, restating U.S. support Wednesday.

economy, he said. Bangkok's stock market rallied strongly on Mr. Summers' comments, with its benchmark index jumping 5.37 percent amid foreign-led buying. The battered baht also took heart, with the dollar slipping Wednesday to 53.65 baht from 56.10 baht Tuesday.

Mr. Summers emphasized that Washington was not unaware of the gravity of Thailand's problems and would be discussing them with Mr. Taksin when he visited Washington next week.

"The U.S. will remain active in encouraging Thailand's reform efforts under the IMF program," he said, adding that Washington was "very much looking forward" to Mr.

Taksin's trip. For his part, Mr. Taksin said Mr. Summers' visit "showed strong U.S. interest in the region and in Thailand particularly in our efforts to solve our economic crisis."

He stressed that Thailand had stuck scrupulously to the conditions of its IMF package.

"That is the only course of action that we believe will achieve the restoration of market confidence," Mr. Taksin said.

During a stop later Wednesday in Hong Kong, Mr. Summers said that the Chinese territory had the ability to defend its currency's peg to the U.S. dollar.

"Hong Kong authorities have demonstrated the capability, deter-

mination and skill necessary to carry out their declared policy," he said after meetings with Hong Kong's chief executive, Tung Chee-hwa, Financial Secretary Donald Tsang and the head of the Hong Kong Monetary Board, Joseph Yam. (AFP, AP)

Stocks and Currencies Gain

Stocks and currencies across Asia rallied amid growing optimism that the region's financial crisis was easing, Bloomberg News reported from Hong Kong.

Indonesia led the rally, with its benchmark index rising 5.72 percent as the dollar slipped to 7,250 Indonesian rupiah from 8,450 rupiah Tuesday.

The main stock indexes also rose 5.81 percent in Hong Kong, 7.50 percent in Singapore, 6.51 percent in Malaysia, 2.48 percent in Japan and 2.46 percent in South Korea.

"Asia's problems seem to be diminishing," said Pelham Smithers, a strategist at ING Barings Securities (Japan) in Tokyo.

Investors' confidence grew after Michel Camdessus, managing director of the IMF, called for a "dramatic acceleration" of economic reforms in Indonesia.

Mr. Camdessus is to meet with President Suharto on Thursday, when new agreements are to be signed as part of a \$40 billion financial bailout being arranged by the IMF.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
17300	2000	20000
15000	1750	16500
13000	1500	14000
11000	1250	11500
9000	1000	9000
7000	750	6500
1997	1997	1997
Exchange Index	Wednesday Close	Prev. Close
Hong Kong Hang Seng	8,226.55	8,720.00 +5.81
Singapore Straits Times	1,243.27	1,156.52 +7.50
Sydney All Ordinaries	2,605.30	2,565.30 +1.56
Tokyo Nikkei 225	15,121.98	14,755.94 +2.48
Kuala Lumpur Composite	536.68	503.89 +6.51
Bangkok SET	367.89	348.96 +5.37
Seoul Composite Index	475.13	463.74 +2.46
Taipei Stock Market Index	7,798.25	7,513.24 +3.79
Manila PSE	1,686.22	1,590.99 +5.99
Jakarta Composite Index	403.88	382.14 +5.72
Wellington NZSE-40	2,238.40	2,214.52 +0.99
Bombay Sensitive Index	3,400.79	3,431.72 -0.90

Source: Teikoku. Intra-day and end-of-day prices.

Very briefly:

- Exxon Corp. plans to invest \$400 million in a petrochemical plant at its Sriacha oil refinery in eastern Thailand. The company said the plant, to be completed in 1999, would produce paraxylene, a petrochemical raw material used to make polyester film, packaging resin and fabric.
- Dai-ichi Kangyo Bank Ltd., former vice president, Ichiro Fujita, pleaded innocent to charges of conspiracy involving loans to a corporate racketeer.
- Japan and China will hold their annual economic meeting in Tokyo on Monday to discuss their economic outlooks and the Asian financial crisis, Japan's Economic Planning Agency said.
- China is expected to announce soon the award of the first license to a British insurance company to conduct business in China, Britain's trade and industry minister, Margaret Beckett, said. Six British insurers are vying for the license, and Britain has endorsed the bid of Royal & Sun Alliance PLC.
- Great Eagle Holdings Ltd., a Hong Kong real-estate company, said net profit rose 13 percent to 1.19 billion Hong Kong dollars (\$153.6 million), in the year ended in September.
- LG Chemical Ltd. of South Korea entered into a \$30 million joint venture with Shipley Co. of the United States to produce specialty chemicals used in semiconductor production. (Bloomberg, AP, Reuters)

CHINA: Economic 'Challenge'

Continued from Page 13

dustries will only become clear in the coming months.

This week, several of China's national banks reported falling earnings. Industrial & Commercial Bank of China, for example, reported Wednesday that its profit in 1997 fell to \$360 million in 1997 from roughly \$700 million in 1996.

Characteristically, the bank did not explain whether the profits were before or after tax. But falling profits represent, at least in part, an effort to grapple with the bad debts owed by failing state-owned industry.

Bank of China also reported a weak profit, falling to \$722 million in 1997 from \$1.39 billion in 1996.

As for China's overall economy, Mr. Zhu made a healthy forecast of 8 percent growth in 1998. In contrast with its Asian neighbors, Mr.

Zhu said, China has 85 percent of its foreign debt in medium- and long-term loans.

"China is politically stable," he said. "With its strong currency, ever-improving investment environment and lower import duties, China will become a center for overseas investment in Asia."

Isuzu Denies Plans For Venture With GM

Reuters

TOKYO — Isuzu Motors Ltd. on Wednesday denied a newspaper report that it had a plan with General Motors Corp. to form a joint venture to produce diesel engines in the United States. The Nihon Keizai Shimbun reported that Isuzu had agreed with GM to set up the venture, which would produce direct-injection diesel engines at a GM plant. "We have no such plans as yet," a spokesman said.

LEUNG: Peregrine's 'Father of Red Chips' Could Soon Rise Again

Continued from Page 13

companies to the stock market. He is held in high respect by Chinese companies, they say, because he has a reputation of being direct and honest. When those companies demanded a higher price for their stock than Mr. Leung thought was realistic, he was quick to set them straight.

"It isn't easy to find someone like him in the industry," said Zhou Fumin, Shanghai Industrial's managing director. "Whenever I have a question, I will look for his advice."

Mr. Leung is a native speaker of Cantonese but speaks only so-so Mandarin, the language of Beijing. He said he did not have — or need — the sort of Chinese connections that many other Wall Street firms have sought from "princelings," or sons and daughters of senior Chinese officials.

Mr. Leung is a member of the Chinese People's Consultative Conference of Beijing, an expert advisory body appointed by the government.

Next he moved to Citibank, which owned the Vickers stock brokerage. It was at Vickers that Mr. Leung developed a relationship with the British-born Mr. Tose.

They founded Peregrine in 1988. Mr. Leung was in charge of the firm's Greater China business, while Mr. Tose took care of the rest.

Former colleagues say that Mr. Tose's connections with Hong Kong tycoons such as the billionaire developer Li Ka-shing did not count for much when it came to building relationships with mainland companies.

Mr. Leung built Peregrine's most valuable franchise — underwriting Chinese stocks — from the ground up.

"I work very hard," Mr. Leung said last month.

"I am not a boss who sits in

the office all the time," he said. "I travel to China all the time."

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But he plays down that sort of connection.

"We have the most China experience," Mr. Leung said. "I don't hire princelings. Princelings are like a double-edged sword. Connections of

Peregrine failed after betting it could profit by repackaging a \$265 million stake in an Indonesian taxi company as bonds and selling them to U.S. and European investors. That stake — amounting to a third of Peregrine's shareholder funds — plunged in value as the region's currencies tumbled and forced the company to declare bankruptcy.

"Essentially it's a default situation," said Makoto Ikeda, senior analyst at the Japan Bond Research Institute.

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News reported from Tokyo.

Peregrine's default could shut out from the Japanese bond market some Asian governments and companies that already are reeling from a sharp rise in the cost of borrowing money abroad, some bankers and fund managers said.

Peregrine failed after betting it could profit by repackaging a \$265 million stake in an Indonesian taxi company as bonds and selling them to U.S. and European investors. That stake — amounting to a third of Peregrine's shareholder funds — plunged in value as the region's currencies tumbled and forced the company to declare bankruptcy.

"Essentially it's a default situation," said Makoto Ikeda, senior analyst at the Japan Bond Research Institute.

Mr. Leung is a member of the Chinese People's Consultative Conference of Beijing, an expert advisory body appointed by the government.

Next he moved to Citibank, which owned the Vickers stock brokerage. It was at Vickers that Mr. Leung developed a relationship with the British-born Mr. Tose.

They founded Peregrine in 1988. Mr. Leung was in charge of the firm's Greater China business, while Mr. Tose took care of the rest.

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Wednesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press

[illegible][illegible]

1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100																																								
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[illegible][illegible]

Wednesday's 4 P.M. Close
(Continued)

(Continued)

[illegible][illegible][illegible][illegible][illegible]

12 mos Low Stock		12 mos High		Lowest-Lowest		Highest-Highest		
12 mos Low	12 mos High	12 mos Low	12 mos High	Lowest-Lowest	Highest-Highest	Lowest-Lowest	Highest-Highest	
2401	22%	VF Corp	17	17	585	45%	44%	45%
2818	17%	Veeva	17	17	122	26%	25%	26%
2819	17%	Veeva	17	17	122	26%	25%	26%
2820	17%	Veeva	17	17	122	26%	25%	26%
2821	17%	Veeva	17	17	122	26%	25%	26%
2822	17%	Veeva	17	17	122	26%	25%	26%
2823	17%	Veeva	17	17	122	26%	25%	26%
2824	17%	Veeva	17	17	122	26%	25%	26%
2825	17%	Veeva	17	17	122	26%	25%	26%
2826	17%	Veeva	17	17	122	26%	25%	26%
2827	17%	Veeva	17	17	122	26%	25%	26%
2828	17%	Veeva	17	17	122	26%	25%	26%
2829	17%	Veeva	17	17	122	26%	25%	26%
2830	17%	Veeva	17	17	122	26%	25%	26%
2831	17%	Veeva	17	17	122	26%	25%	26%
2832	17%	Veeva	17	17	122	26%	25%	26%
2833	17%	Veeva	17	17	122	26%	25%	26%
2834	17%	Veeva	17	17	122	26%	25%	26%
2835	17%	Veeva	17	17	122	26%	25%	26%
2836	17%	Veeva	17	17	122	26%	25%	26%
2837	17%	Veeva	17	17	122	26%	25%	26%
2838	17%	Veeva	17	17	122	26%	25%	26%
2839	17%	Veeva	17	17	122	26%	25%	26%
2840	17%	Veeva	17	17	122	26%	25%	26%
2841	17%	Veeva	17	17	122	26%	25%	26%
2842	17%	Veeva	17	17	122	26%	25%	26%
2843	17%	Veeva	17	17	122	26%	25%	26%
2844	17%	Veeva	17	17	122	26%	25%	26%
2845	17%	Veeva	17	17	122	26%	25%	26%
2846	17%	Veeva	17	17	122	26%	25%	26%
2847	17%	Veeva	17	17	122	26%	25%	26%
2848	17%	Veeva	17	17	122	26%	25%	26%
2849	17%	Veeva	17	17	122	26%	25%	26%
2850	17%	Veeva	17	17	122	26%	25%	26%
2851	17%	Veeva	17	17	122	26%	25%	26%
2852	17%	Veeva	17	17	122	26%	25%	26%
2853	17%	Veeva	17	17	122	26%	25%	26%
2854	17%	Veeva	17	17	122	26%	25%	26%
2855	17%	Veeva	17	17	122	26%	25%	26%
2856	17%	Veeva	17	17	122	26%	25%	26%
2857	17%	Veeva	17	17	122	26%	25%	26%
2858	17%	Veeva	17	17	122	26%	25%	26%
2859	17%	Veeva	17	17	122	26%	25%	26%
2860	17%	Veeva	17	17	122	26%	25%	26%
2861	17%	Veeva	17	17	122	26%	25%	26%
2862	17%	Veeva	17	17	122	26%	25%	26%
2863	17%	Veeva	17	17	122	26%	25%	26%
2864	17%	Veeva	17	17	122	26%	25%	26%
2865	17%	Veeva	17	17	122	26%	25%	26%
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WORLD ROUNDUP

A Sweep by Russia

SKATING Alexei Yagudin led a Russian sweep of the top three places in the men's short program at the European figure skating championships on Wednesday.

Yagudin, 17, skated last and gave a superb display to Russian gypsy music that earned him top marks from all nine judges.

Alexander Abt, a 21-year-old late replacement for an injured compatriot, Ilya Kulik, grabbed second ahead of Evgeny Plushenko, 15, the world junior champion. The medals will be decided in Thursday's free program. (Reuters)

Portuguese GP Canceled

FORMULA ONE The Portuguese Grand Prix, set for Oct. 11, was dropped from the 1998 world championship calendar Wednesday. Motor racing's ruling body, FIA, said safety work would not be completed within a specified time limit. FIA did not say which country would replace Portugal on the schedule. South Africa and China are the candidates.

The Belgian Grand Prix, which will take place only if there are guarantees that the country's tobacco advertising ban will not apply to the race, remains in doubt. FIA extended its deadline for a decision until Feb. 15. (Reuters)

Australians Beat Kiwis

CRICKET Australia thrashed New Zealand by 131 runs in Sydney on Wednesday to clinch a place in the World Series Cup final. Australia made 250 all out before routing New Zealand for 119.

Sachin Tendulkar lashed 95 from 87 balls Wednesday to give India to an eight-wicket win over Pakistan in the first match of the best-of-three Independence Cup final in Dhaka, Bangladesh. Pakistan batted first and reached 212 for eight wickets in its 46 overs. India reached 213 for two in 37.1 overs.

In Colombo, Zimbabwe reached 251 for 9 wickets on the first day of the second test against Sri Lanka. (Reuters, AP)

Court Ban for Venables

SOCCER Terry Venables, the former England manager, who now coaches Australia's national team, was banned Wednesday from holding company directorships in Britain for seven years.

Venables admitted to or did not contest 19 specific allegations of serious misconduct made against him by the Department of Trade and Industry. The case arose from his alleged mismanagement at Tottenham Hotspur soccer club, Scribes West, a London nightclub partly owned by Venables, and another company, Edenote. (Reuters)

Elway's Dilemma

FOOTBALL John Elway, the quarterback for the Super Bowl bound Denver Broncos, is trying to become less superstitious.

"I had so many superstitions they became a pain," he said. "I would wear socks on the same feet."

Asked how he knew which sock belonged on which foot, he said: "That's where it really gets hard." (LAT)

4 Chinese Swimmers Fail Tests for Doping
Quartet Suspended From Championships

PERTH, Australia — China's reputation in world swimming lay in tatters Wednesday after FINA, the sport's governing body, announced that four Chinese swimmers had tested positive for triamterene, a diuretic, and have been suspended from the championships pending results of their B tests.

The samples were collected Jan. 8 while the team was preparing for the world championships.

The results were announced at the same time as bans of four years for swimmer Yuan Yuan and 15 years for coach Zhou Zhewen. The two were caught with human growth hormone in their luggage by customs officers at Sydney airport last week. Zhewen said he had packed the substances to bring to a friend in Australia.

The diuretic quartet comprises three 17-year-old women, Wang Luna, Cai Huijue and Zhang Yi, and one 18-year-old man, Wang Wei. Two have already swum at these championships and neither managed to make a final.

Derek Snelling, the British team's performance director, said the tests pointed to systematic drug abuse by China.

"You can get isolated incidents with any country at any time," said Snelling. "But this is not an isolated incident — it is systematic abuse. I am not a chemist, but China must be faced with a suspension after this."

The samples were collected the morning after drug testers were refused access to China's swimmers because they lacked the suitable accreditation.

"On the night of the 7th people showed up to test the Chinese and they did not submit to testing because they did not believe it was a FINA sanctioned test," said Jon Urbanek, a U.S. coach.

"The next day FINA turned up in their jackets with their official badges and did the testing. During the night they've obviously given these to the kids as a masking agent."

"I almost feel sorry for these Chinese kids. They want a life, they want to get out. They realize the communist system doesn't work and the kids are risking everything to get a way out."

Diuretics are sometimes used by athletes to reduce weight quickly. They are also used to reduce the concentration of drugs in urine in an attempt to flush drugs from the system.

Wang Luna was ranked No. 2 in the world for the 200-meter freestyle but missed the final. She raced Wednesday in the 400-meter heats but missed the final despite a world No. 4 ranking.

Cai Huijue is ranked No. 5 in the 100-meter butterfly and Zhang Yi is No. 4 in the 100-meter breaststroke and No. 3 in the 200-meter breaststroke.

Chinese officials said on arrival that the team was clean of drugs.

"It tells you what bloody liars they are," said Don Talbot, the Australian coach.

He said China should be kicked out of the championships.

"They should not compete anymore at this meet. The medals should be returned or taken back," Talbot said.

Novo Nordisk, a Danish pharmaceutical group, said it produced the human growth hormone found at Sydney airport. Anders Rosbo, a company spokesman, said that it sold Norditropin to a Chinese state-owned import company and that it was intended for hospitals in China.

The substance "should only be given to children with hormone deficiencies," Rosbo said.

FINA also announced a four-year ban on Olena Lapunova, a Ukrainian swimmer, for testing positive to a merabolite on Nov. 15 last year. She was given a conditional approval to return on probation in six months.

Scott Miller, an Australian, was suspended for two months for testing positive to marijuana on Sept. 22 last year. (AP, Reuters)



Starting a 100-meter backstroke heat, from top: Ellie Overton of Australia, Fabiola Molina of Brazil, Roxanna Maracineanu of France, Mai Nakamura of Japan, Sandra Voelker of Germany and Yulia Fomenko of Russia.

Popov Holds Off Rivals to Keep Freestyle Gold



Alexander Popov smiling at Michael Klim after the 100-meter freestyle.

PERTH, Australia — Alex Popov of Russia beat his Australian training mate Michael Klim on Wednesday to win the 100-meter freestyle gold at the World swimming championships here.

Popov, a four-time Olympic gold medalist, took the lead from the start, made the turn first and was never seriously threatened by Klim. Both are coached by Gennadi Touretski of Russia and train together at the Australian Institute of Sport in Canberra.

Popov is attempting to become the first man to win a 50- and 100-meter double at successive world titles. He achieved the Olympic double for the second consecutive time at Atlanta. The 50-meter race will be held Saturday.

"I'm exhausted but not ecstatic," Popov said. "It was a usual victory, nothing spectacular."

Popov finished in 48.93 seconds while Klim, who won the 200-meter freestyle and was a member of the winning 4x200-meter relay team, was second in 49.20. Lars Frolander of Sweden was third in 49.53.

Popov, 26, joins Matt Biondi of the United States as the only swimmer to successfully defend a men's world 100-meter freestyle title in the 25-year history of the championships.

"He's a true champion. It's his event and he really deserves it," Klim said. "I might have to wait for the next generation."

THE AUSTRALIAN appears to be back at his best after being seriously injured in a Moscow knife attack shortly after the Atlanta Games. He is holder of the world record of 48.21 seconds set in June 1994 at Monte Carlo.

Chen Yan of China won her second gold medal of the meet when she claimed the women's 400-meter freestyle. Lea Maurer of the United States won gold in the women's 100-meter backstroke.

In other finals Wednesday, Denys Sylantsev of the Ukraine won the men's 200-meter butterfly ahead of Franck Esposito of France and the American Tom Malchow. The United States won the women's 400-meter freestyle relay ahead of Germany and Australia.

Chen clocked 4 minutes, 06.72 seconds in the 400 while Brooke Bennett of the United States, who led through 300 meters, was second in 4:07.07. Dagmar Hase of Germany was third in 4:08.82.

Chen gave China its only other pool gold so far when she took out the 400-meter individual medley event on Monday.

TV Accord A Gold Mine For NFL Franchises

Washington Post Service

The National Football League's eight-year, \$17.6 billion U.S. television deal will earn each franchise \$80 million a year.

ABC and ESPN, the cable sports broadcaster, both owned by Walt Disney Co., will pay the NFL a combined \$1.15 billion a year — a total of \$9.2 billion over the course of the contract — for the broadcast rights to Monday Night Football and one Sunday night game every week.

ABC will also get three Super Bowls — the first in 2000 — and the annual Pro Bowl game for \$550 million a year.

Madison Avenue doubts networks will recoup investment. Page 13.

ESPN will pay \$600 million a year for a package of 18 regular-season games a year and exclusive coverage of the NFL draft of college players.

Combined with record prices paid by the Fox network for the National Football Conference package (\$4.4 billion over eight years) and by CBS for the American Football Conference package (\$4 billion), the NFL essentially will double the amount of money it earned yearly from the four-year, \$4.4 billion deal that expires after this season.

The league also has the right in all new contracts to reopen the deals after five years, increasing the dollar value for the final three years before the agreement runs out following the 2005 season.

The major beneficiaries of the television windfall will be club owners and players. Under the terms of the NFL's last contract, teams each earned about \$40 million a year. That total will now double to about \$80 million a year, easily the richest contract in the history of sports.

Under terms of the NFL's collective bargaining agreement with the NFL Players Association, each of the 30 teams was allotted a \$41.5 million player payroll ceiling — or salary cap — in 1997.

A league spokesman said Tuesday that it was too early to determine what the cap would be in 1998. But owners were, to meet Wednesday in Los Angeles to discuss the issue and establish the cap. Some forecasts have indicated that it could go up by about \$10 million this season, meaning that many teams will have more money to acquire players.

The television deal also will have a significant impact on increasing the market value of every NFL franchise.

Boxing Guru To 21 World Champions Takes Count

The Associated Press

NEW YORK — Eddie Futch was a teacher who expected his students to pay attention, even if they were champions of the world.

One day in a gym when Marlon Starling, a former WBA-WBC champion, wasn't listening, Futch told him, "Marlon, a lot of good fighters have listened."

Futch retired this week. He trained a lot of top fighters in 66 years in boxing, including 21 world champions, and he trained a lot of good trainers.

"He's a great guy and an honest guy," said Joe Frazier, one of six heavyweight champions Futch worked with. The other five heavy-weight champions he trained were Larry Holmes, Ken Norton, Trevor Berbick, Michael Spinks and Riddick Bowe.

"I wasn't feeling good," Futch, 86, said Tuesday from his home in Las Vegas. "I just couldn't get things going. Physically, I'm fine, but I'm just not with it any more."

The last fighter Futch trained was Brandon Mitchum, a 20-year-old junior middleweight.

"I told Brandon if the time comes when you need advice, just call me," Futch said.

Frazier, who turned 54 on Monday, said of Futch: "I want that bottle he has, the one that made him live so long and made him contribute."

Futch started to train Frazier in 1966. In 1975, he stopped Frazier's challenge against Muhammad Ali after 14 rounds in Manila, although Futch thought Frazier was ahead at the time. Officially, Ali had the fight clinched when it was stopped.

Frazier's eyes were swollen and he was virtually blind when Futch halted the bout. "There isn't enough money in the world to let him get hurt," he said.

The first champion Futch trained was Don Jordan, who held the welterweight title from 1958 to 1960. The last was Wayne McCullough, who lost the WBC super bantamweight title last year.

Davenport Stays Course As Seeds Crash in Sydney

The Associated Press

SYDNEY — After five rain delays, five and a half hours, a couple of crossword puzzles and too much tedious tennis, Lindsay Davenport finally beat Anna Kournikova at the Sydney International on Wednesday.

"You can't get into a rhythm," said Davenport, the No. 2 seed, after her 6-2, 6-7 (4), 6-3 victory. "One time we came back, it was dead still. The next time it was incredibly windy."

The conditions were down Kournikova, 16, which might explain why she thought the match lasted even longer than it did.

"It's the first match I ever played seven and a half hours," she said. "She definitely has more experience with matches like this, with seven or eight rain delays. I think I got tired waiting around so long."

Three more seeded women tumbled out in the second round — leaving only Davenport, No. 2, and Arantxa Sanchez Vicario, No. 5. Natasha Zvereva beat Amanda Coetzer, seeded No. 3, 6-7 (5), 6-3, 7-5; Ai Sugiyama upset Conchita Martinez, No. 6, 7-6 (7-0), 6-3, and Serena Williams reached the quarterfinals when Sandrine Testud, seeded No. 7, retired because of tendinitis in her left knee while trailing 7-6 (7-5), 3-0.

In the men's matches, Michael Tebbutt ended the sizzling run of his 16-year-old Australian compatriot, Lleyton Hewitt, 5-7, 6-3, 7-5.

Hewitt, who won the Australian Men's Hardcourt Championships in Adelaide last week, served for the match with a 5-3 lead. Hewitt said he'll play both the juniors and seniors at the Australian Open, and try to make the transition to the senior tour this year.

It was also windy in Melbourne where Pete Sampras lost to Gustavo Kuerten in the Colonial Classic, 3-6, 6-3, 6-4. Andrei Agassi beat Thomas Muster, 6-4, 6-0, in a clash of two former world number ones.

Kuerten, the French Open champion, adapted to the wind and followed up some fine serving with excellent volleys. Sampras led by one set and 3-1 but began to make errors against Kuerten's constant pressure at the net.



Lindsay Davenport returning during her defeat of Anna Kournikova.

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SPORTS

Sonics Not So Super Next to Jordan & Co.

Pippen and Rodman Aid in Bulls' Victory

The Associated Press
Michael Jordan scored 40 points and the champion Chicago Bulls brushed aside the Seattle SuperSonics, 101-91. Scottie Pippen, playing his second game after missing the first 2½ months

NBA ROUNDUP

of the season while recovering from foot surgery, had 11 points and 6 rebounds for the host Bulls (26-11).

Seattle (29-5) still has the best record in the league despite its first two-game losing streak of the season.

"With a team like that, it's hard to make statements," Jordan said after the game Tuesday night. "But we feel that if we had our team intact all season long we would have the best record."

Dennis Rodman had 17 rebounds for the Bulls, who won their 15th consecutive home game and are 14-2 over the last month.

Chicago led, 56-46, at halftime. Jordan then scored the Bulls' first five points of the second half, and Seattle never got within 10 points the rest of the way.

"The best record doesn't mean anything right now," said the Bulls' Ron Harper. "It's not like we want to get something that we have. They want something that we have — those five big championships. They want those rings."

Gary Payton scored 22 points and Vin Baker had 21 for Seattle.

"Yes, everyone saw this as a big game, but we just have to move on," Baker said. "I wouldn't be surprised if this comes out to be the finals. We're playing the best in the West, and they are in the East."

Magic 88, Nuggets 84 While the Bulls were demonstrating they are the best team in the NBA, the Denver Nuggets were showing that they are still the worst.

The Nuggets lost their 17th straight game and dropped to 2-32 overall. Denver as not won since Nov. 28. A Denver forward, LaPhonso Ellis, said: "We just have to tighten up our defense and make the proper adjustments during the game."

Horace Grant had 20 points and 11 rebounds for Orlando. Gerald Wilkins, who scored only two points in the first three quarters, had nine in the fourth to keep the Magic ahead.

The Trail Blazers made a franchise-low 22 field goals, just three more than the NBA record. Portland broke the team mark of 69 points set Jan. 2 in a loss at San Antonio.

Jamal Mashburn scored 18 points for visiting Miami, which won despite shooting 2-for-19 in the fourth quarter. The Trail Blazers made a franchise-low 22 field goals, just three more than the NBA record. Portland broke the team mark of 69 points set Jan. 2 in a loss at San Antonio.

76ers 107, Grizzlies 89 Tim Thomas scored a season-high 23 points as Philadelphia sent Vancouver to its 11th straight loss. The 18-point victory was the 76ers' largest in their two seasons at the CoreStates Center. Shareef Abdur-Rahim had 23 points for the Grizzlies.

Cavaliers 102, Suns 84 Derek Anderson scored 21 points in a 63-second span of the fourth quarter as Cleveland romped at Phoenix.

Zydrunas Ilgauskas had 23 points and 16 rebounds as the Cavaliers stopped a three-game losing streak. Cleveland led, 86-79, before Anderson's late burst.



The Cavaliers' Derek Anderson, left, and the Suns' Cedric Ceballos battling for a loose ball in the first period.

Hawks 91, Knicks 89 Steve Smith backed up his boast, scoring 35 points and hitting a running 10-footer with 2.6 seconds left that lifted Atlanta at Madison Square Garden. After New York won by 21 points at Atlanta in November, Smith promised the result in the rematch would be different. Smith shot 14-for-28, taking almost nothing but jumpers as the Hawks won their fourth in a row. John Starks made six 3-pointers and scored 34 points for the Knicks.

Spurs 97, Celtics 88 David Robinson had 36 points and 11 rebounds as visiting San Antonio won for the 14th time in 16 games.

Boston matched its longest losing streak of the season at five. The Celtics have not led in any of their last four games.

Nets 81, Hornets 68 Kendall Gill scored 15 of his 19 points in a key second-quarter stretch and New Jersey won at Charlotte. Jayson Williams and Sherman Douglas led the Nets with 23 points each. Glen Rice, the Hornets' top scorer, was held to 10 points on 3-for-17 shooting.

Rockets 100, Mavericks 87 In Houston, Kevin Willis had 30 points and the Rockets ended a three-game losing streak. Dallas has lost 18 of its last 19 games, its only victory in that stretch coming against Denver. Houston trailed, 41-37, at halftime and didn't regain the lead until Willis led a 20-9 third-quarter run.

Bounces Go Capitals' Way In a Shutout

The Associated Press
WASHINGTON — Goalie Olaf Kolzig of the Washington Capitals gained his 20th victory of the season — six more than he had in his entire National Hockey League career before this season — as he shut out the Ottawa Senators, 4-0.

In addition to Kolzig, the Capitals needed a few lucky bounces in Tuesday night's only game.

Andrew Brunette scored twice to make it eight goals in eight games since he was recalled from Portland.

The first one fluttered in off his hip, and the second was a gift rebound after a shot went off the post.

"I guess I was lucky," he said, "but I'll take them any way I can."

Brunette had only seven career goals in spot call-ups over two seasons before he arrived for his latest NHL stint last month.

The Senators had outscored the Capitals by a combined 23-4 over their previous half-dozen games, with Ron Tugnutt's goals-against average at 0.67 over the stretch.

This time, Tugnutt was replaced early in the second period after giving up his third goal in 14 shots — one was the shot off Brunette's hip, and another was banked in by Steve Konowalchuk off a Senator's skate.

"Two of those shots weren't even on net," Tugnutt said. "One of those nights, I guess. Really, I had no breaks at all."

Peter Bondra scored his 28th goal of the season and Konowalchuk netted his fourth for the Capitals, who have won three of their last four games.

Adam Oates got his 36th assist for the Capitals.

SCOREBOARD

BASKETBALL

MAJOR COLLEGE SCORES

Kentucky 71, South Carolina 70
Duke 64, North Carolina 59
Connecticut 80, Seton Hall 59
Purdue 76, Syracuse 64
Clemson 84, Florida State 63
Florida State 64, Lehigh 73
N.C. Charlotte 64, Marquette 53

THE AP TOP 25

*Top 25 teams in Associated Press' men's basketball poll, with first-place votes in parentheses. Records through Jan. 11, total points based on 25 points for first-place vote through one point for 25th-place vote, and previous rankings.

Rank	Team	Record	Points	Prev
1	North Carolina (68)	12-0	1,748	1
2	Duke (2)	14-1	1,626	2
3	Kentucky	13-2	1,527	4
4	UConn	13-2	1,512	3
5	Arizona	13-1	1,451	5
6	Kentucky	14-2	1,401	6
7	Stanford	14-0	1,394	7
8	Purdue	12-2	1,185	8
9	Georgia	14-2	1,162	9
10	Connecticut	12-2	1,074	10
11	Michigan State	12-1	1,065	11
12	Illinois	12-1	1,065	12
13	Arizona	12-1	1,065	13
14	North Carolina	12-1	1,065	14
15	New Mexico	11-2	718	15
16	Syracuse	11-1	718	16
17	Florida St.	12-4	573	17
18	Michigan	10-3	541	18
19	Alabama	12-4	541	19
20	Rhode Island	10-2	431	20
21	West Virginia	10-2	423	21
22	Adams	12-2	423	22
23	Marquette	10-2	423	23
24	Marquette	11-2	423	24
25	Ohio State	11-2	423	25

NBA STANDINGS

EASTERN CONFERENCE

Team	W	L	Pct	GB
Atlanta	24	11	.686	—
New York	20	16	.556	4½
Orlando	20	17	.541	5
Washington	19	19	.500	6½
Boston	18	20	.474	8
Philadelphia	10	22	.303	13

CENTRAL DIVISION

Team	W	L	Pct	GB
Chicago	26	11	.703	—
Indiana	22	15	.595	4
Atlanta	23	12	.657	2
Charlotte	22	14	.611	3½
Cleveland	19	17	.526	6
Detroit	17	19	.476	8
Milwaukee	17	19	.476	8
Toronto	8	31	.205	19

WESTERN DIVISION

Team	W	L	Pct	GB
Utah	24	11	.686	—
San Antonio	18	15	.545	5
Phoenix	19	16	.541	5
Minnesota	10	26	.286	15½
Vancouver	6	30	.167	19½
Dallas	1-29	35	.029	21½

PACIFIC DIVISION

Team	W	L	Pct	GB
Seattle	22	8	.734	—
L.A. Lakers	22	9	.709	1½
Cleveland	22	12	.647	4
Portland	19	16	.543	9
Sacramento	16	21	.432	13
L.A. Clippers	9	28	.243	20
Golden State	7	26	.212	22

THURSDAY RESULTS

Team	W	L	Pct	GB
San Antonio	28	21	.569	—
Seattle	22	9	.709	1½
Portland	19	16	.543	9
Sacramento	16	21	.432	13
L.A. Clippers	9	28	.243	20
Golden State	7	26	.212	22

ICE HOCKEY

NHL STANDINGS

Team	W	L	T	Pts	GF	GA
New Jersey	28	14	3	59	123	92
Philadelphia	25	16	8	58	124	97
Washington	22	17	8	52	132	122
N.Y. Rangers	15	19	12	42	117	125
Florida	15	22	10	40	119	134
N.Y. Islanders	15	25	6	36	113	133
Tampa Bay	9	28	8	26	101	141

NORTHEAST DIVISION

Team	W	L	T	Pts	GF	GA
Montreal	25	16	6	56	142	112
Pittsburgh	24	18	8	56	129	105
Boston	20	16	9	49	112	107
Ottawa	21	17	7	45	111	115
Carolina	17	24	6	40	117	133
Dallas	18	20	8	38	101	114

CENTRAL DIVISION

Team	W	L	T	Pts	GF	GA
Colorado	29	11	8	66	142	98
Los Angeles	27	11	6	60	154	111
St. Louis	26	16	8	60	142	117
Phoenix	20	18	8	48	128	123
Chicago	17	22	9	43	105	142
Toronto	12	27	5	29	105	152

PACIFIC DIVISION

Team	W	L	T	Pts	GF	GA
Colorado	29	11	8	66	142	98
Los Angeles	27	11	6	60	154	111
St. Louis	26	16	8	60	142	117
Phoenix	20	18	8	48	128	123
Chicago	17	22	9	43	105	142
Toronto	12	27	5	29	105	152

THURSDAY RESULTS

San Antonio	28	21	.569	—
Seattle	22	9	.709	1½
Portland	19	16	.543	9
Sacramento	16	21	.432	13
L.A. Clippers	9	28	.243	20
Golden State	7	26	.212	22

SWIMMING

WORLD CHAMPIONSHIP

WEDNESDAY IN PERTH, AUSTRALIA
MEN'S FINALS
100 METERS
1. Alexander Popov, Russia, 48.93 seconds.
2. Michael Klim, Australia, 49.20. 3. Lars Frolander, Sweden, 49.53. 4. Peter Van Den Hoogenband, Netherlands, 49.59. 5. Graeme Burrows, Brazil, 49.62. 6. Alfred Zacher, Hungary, 49.82. 7. Chris Fyler, Australia, 49.95. 8. Scott Tucker, U.S., 50.26.

CRICKET

INDONESIA VS. PAKISTAN
WEDNESDAY IN DELHI
Pakistan: 212 for eight in 46 overs.
India: 213-2 in 37.1 overs.
India won by eight wickets first of three-game final.

WORLD SERIES

AUSTRALIA VS. NEW ZEALAND
WEDNESDAY IN SYDNEY
Australia: 259 all out in 47.5 overs.
New Zealand: 119 all out in 33.1 overs.
Australia won by 131 runs and clinched place in final.

WOMEN'S FINALS

100 METERS
1. Liu Xiang, China, 1:01.16. 2. Mal Nakamura, Japan, 1:01.28. 3. Sandra Voelker, Germany, 1:01.47. 4. Anja Buschschulte, Germany, 1:01.81. 5. Beth Belknap, U.S., 1:02.31. 6. Rosamund Marchbanks, France, 1:02.40. 7. Noriko Iwata, Japan, 1:02.58. 8. He Ching, China, 1:02.59.

WOMEN'S FINALS

400 FREESTYLE
1. Chen Yanyan, China, 4:06.72. 2. Brooke Bennett, U.S., 4:07.37. 3. Dagmar Hase, Germany, 4:08.12. 4. Kirsten Vliegenhart, Netherlands, 4:09.14. 5. Julie Gervais, Australia, 4:11.39. 6. Diana Mous, U.S., 4:11.70. 7. Jan Henke, Germany, 4:11.92. 8. Claudia Poll, Austria, 4:12.02.

WOMEN'S FINALS

1. Marina Rungg, Switzerland.
2. Lindsey Davenport, U.S.
3. Amanda Coetzer, South Africa.
4. Iva Majoli, Croatia.
5. Mary Pierce, France.
6. Iana Spilina, Romania.
7. Alexandra Sanchez-Vicario, Spain.
8. Conchita Martinez, Spain.
9. Sandrine Testud, France.
10. Anne Hebe, Germany.
11. Brenda Schuur-McCarthy, Netherlands.
12. Sabine Appelmans, Belgium.
13. Lisa Raymond, U.S.
14. Dominique Van Rooz, Belgium.
15. Ruxandra Dragomir, Romania.
16. Ai Sugiyama, Japan.

TRANSITIONS

BASEBALL

BALTIMORE — Named Carlos Bernhardt coach.
NEW YORK — Agreed to terms with RHP Jeff Nelson on a 3-year contract.
TAMPA BAY — Signed Chuck Lott, senior vice president for baseball operations, to a 3-year contract through 2000.

NATIONAL LEAGUE

ATLANTA — Injured LHP Adam Butler, LHP Glenn Dethman, LHP Odris Perez, RHP Rudy Seanez, C Marcus Hessel, C Mike McHenry, C Fausto Tellez, INF Mark DeRosa, INF Ray Tolbert and INF Marty Marley to spring training.

HOUSTON

HOUSTON — Agreed to terms with 3B Scott Boney on a 1-year contract.
NEW YORK — Agreed to terms with RHP Masahiro Yoshino on a 1-year contract.

NATIONAL BASKETBALL ASSOCIATION

ORLANDO — Activated G Nick Anderson from injured list. Put F Johnny Taylor on injured list.
PHILADELPHIA — Put F Keith Stewart on injured list. Activated F Scott Williams from injured list. Activated F Scott Williams from injured list.

NATIONAL HOCKEY LEAGUE

FLORIDA — Sent D Wes Swanson, O Mike O'Donnell and LW David Dunder to Fort Wayne, Ind.
N.Y. ISLANDERS — Assigned G Eric Fiechowski to Utica, Ind.
PHOENIX — Recalled G Scott Langham from Springfield, Ill.
VANCOUVER — Put D Enrico Ciccone on injured list. Recalled LW Larry Courville from Syracuse, N.Y. Assigned D Ben Robertson and LW Lanny Bohannon to Syracuse.

COLLEGE

MIAMI — Announced freshman F-C Jay Lucier has been named academically ineligible for second semester.
WISCONSIN — Announced that junior F Sam Clay has decided to leave basketball team, effective immediately.

DENNIS THE MENACE



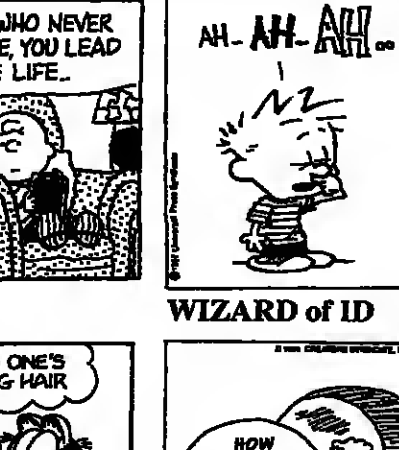
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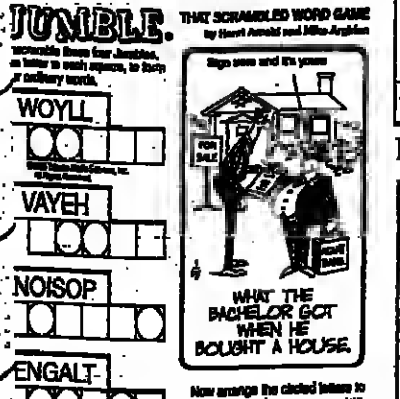
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ART BUCHWALD

The Safe Skies

WASHINGTON — There is good news from your airlines. They plan to use computers that screen passengers to determine which ones should have their baggage examined for explosives. The system, which is obviously fool-proof or they wouldn't have bought it, has profiles of what types of passengers are most likely to cause havoc on an airplane. This method of screening the flying public could be an invasion of personal rights, but anyone who has bought an airline ticket knows that the carrier's computers never make mistakes. (Joke)

In the past, whenever I was about to take a flight, I was asked to produce photographic identification (a driver's license or a library card). Then I was asked if I had packed my bags myself, and if they had been solely in my possession at all times since I left the house.

Obviously, I always replied in the affirmative. The last time I did this the thought occurred to me — suppose, God forbid, a person had a false driver's license and perjured himself when he said that he had packed his own bags and even claimed they were in his possession at all times?

Now I am out saying that a terrorist would do such a thing, but let's suppose for argument's sake that he did. How would the security people know if he was lying?

The people manning the security gates will tell you it has never happened. "We depend on the hijacker's honor code," one told me. "If anyone says that he packed his

own bags and we later found out that he didn't, we would bar him from ever going through a metal detector again."

"But suppose he tried to go through security with an atomic bomb-laden bag given to him by another person at the airport?"

"We have specially trained dogs to sniff out people who haven't packed their own bags. Only last week we caught a man whose wife had packed his bag for him. He told us that he had done it. While there was nothing dangerous in these bags, we decided to teach him a lesson by tying him to a baggage conveyor belt so that he'd miss his plane."

"I would hate to fly if you weren't protecting me. Do you ever come across anyone whose driver's license has expired?"

"Once in a while. You know it's a capital offense to try to use identification that is no longer valid. We caught a passenger only last week who couldn't produce his license because it had been confiscated. It turned out he owed \$1,200 in parking fines. We couldn't let him through because we had no idea who he was. We made him return to traffic court and bring a photo ID back with him."

The other part of airline security that bothers me is that some metal detectors will not let out a signal even if you are carrying a steel frying pan. Others will go off if you only have a safety pin stuck on your underwear. Why the discrepancy? There is no answer. My own hunch is that it's the airlines' way of keeping terrorists guessing which detector to pass through.

The New Horror Film: Hold the Blood and Gore

By Stephen Farber
New York Times Service

NEW YORK — Horror films have waxed and waned in popularity over the last 70 years, but the genre has proved almost as indestructible as the monsters who populate its haunted castles and subterranean tombs.

At the moment, horror is on the rise again, though some of the purveyors of the new breed of horror movies will go to almost any length to avoid the label.

"I don't like to describe it as a horror film," said Charles Roven as he talked about the new movie "Fallen," which he produced.

That film, which opens Friday in the United States, stars Denzel Washington as a police detective who helps to capture a vicious serial killer and is present at his execution. When other murders with the killer's signature occur, the detective first suspects a copycat but then realizes that the dead man was possessed by a demon that is still alive and is entering the bodies of other people to perpetuate a frightening chain of evil.

Why are the people who made "Fallen" (it was directed by Gregory Hoblit and written by Nicholas Kazan) reluctant to describe their movie, which sounds like a cross between "Seven" and "The Exorcist," as a horror film?

"I think that term may hurt us in the marketplace," Roven replied. "It may seem ironic, considering the enormous success of 'Scream 2.' But that movie, like most horror movies, played to a younger audience. Because we're hoping to have a broader demographic, we don't want to be labeled a horror film. I'd rather call 'Fallen' a supernatural thriller."

Call it what you will, but the truth is that many horror films, going back to the earliest "Dracula," have supernatural overtones, and if the primary aim of a horror film is to terrify its audiences, then "Fallen" fits the bill.

But the producer's squeamish-

ness about the term "horror" may have something to do with the debasement of the genre in recent years, after an onslaught of lurid movies with slashers in ski masks.

"There is so much stigma attached to the genre," said Wes Craven, the director of the original "Nightmare on Elm Street" as well as "Scream" and "Scream 2." "As soon as someone says horror film, usually the next terms are schlockmeister or slashmeister. I don't mind if my movies are called horror films by people who love the genre, but if people look down on it, then I'd rather just say I make Wes Craven movies."

In the last decade, most horror movies were sequels or cheap imitations of "Halloween," "Friday the 13th" and "Nightmare on Elm Street," and their audiences began to dwindle. But the huge success of "Scream" (1996) and its sequel, as well as the recent hit "I Know What You Did Last Summer," another movie written by Kevin Williamson, the author of the "Scream" movies, has revitalized the genre.

"The genre was dying and 'Scream' saved it," said George Romero, the director of "Night of the Living Dead," a cult favorite from 1968. "It's great for all of us horror guys."

Perhaps the main reason "Scream" and "Scream 2" have done so well is that they have brought a humorous self-consciousness to the form, focusing on characters who are well versed in the lore of horror movies and joke about their improbable plots. The "Scream" movies have honored the conventions of the genre and mocked them at the same time.

"Fallen" takes a different approach to the challenge of reinventing the scary movie. It hopes to invoke some of the classics of the genre that depended above all on



Denzel Washington plays a detective in the film "Fallen."

subtlety and suggestion rather than grisly special effects.

One of these movies, Robert Wise's "The Haunting" (1963), is playing on television during a scene of "Fallen." That older movie, about a house haunted by evil spirits, created its mood of dread through sound effects and atmospheric cinematography; it had no overt violence.

Other precursors to "Fallen" include "The Innocents," Jack Clayton's 1961 version of Henry James's ghost story "The Turn of the Screw," and Roman Polanski's "Rosemary's Baby" (1968), which also eschewed gory details but managed to frighten its audience.

Following in that tradition, "Fallen" has almost no horrific Grand Guignol images. Its central conceit is the idea that a person can transmit evil simply by touching a stranger. The climax consists of nothing more spectacular than a battle of wits between two men — one human and one superhuman — fighting over a gun.

Will this restraint appeal to the people who usually turn out for horror films — or even for "supernatural thrillers"? As Craven noted, "The core audience for horror movies is 15- to 20-year-old guys who want lots of blood and guts."

It remains to be seen, of course,

whether that audience will find the more subtle chills of "Fallen" satisfying. Trailers for the film have been shown with "Scream 2" and have drawn enthusiastic responses. "I hope those people won't be disappointed when they see the movie and find that characters actually talk to each other," said Hoblit.

One person who does not object to the label "horror film" is the man who conceived the story for "Fallen," Kazan. His credits encompass many different kinds of movies; he was nominated for an Academy Award for his script of "Reverence of Fortune," the story of Claus von Bulow, and his last project was the 1996 children's fantasy film "Matilda."

"But the first script I ever wrote was a horror film," Kazan said. "So I felt at home in the genre. You can raise issues in the horror genre that you can't raise so easily in other types of films. Characters can talk about the existence of God in a horror movie, whereas in other films that would be incredibly pretentious."

In addition, I think the metaphor of touch has great psychological ramifications. I believe most of the damage human beings do is a result of the damage done to them. That's what this story suggests when people transmit evil by touching other people."

The director seemed philosophical when pondering the question of whether his supernatural thriller would connect with an audience addicted to more blatant horror.

"I think of that line from 'Field of Dreams': 'If you build it, they will come,'" Hoblit said. "If you make a good movie with an absorbing story line, you have to trust that people will come. If that isn't the case, then I'm in the wrong business."

Weeklong Tribute to Slain Actor Symbolizes Rebirth of Jewish Culture in Russia

By Alessandra Stanley
New York Times Service

MOSCOW — In the early hours of Jan. 13, 1948, the great Yiddish actor and theater director Solomon Mikhoels was slain by Stalin's secret police, spelling the death of the Jewish theater in the Soviet Union.

At midnight Monday, some of Russia's most famous Jewish and non-Jewish artists and performers held a candlelight vigil at the Rossiya Concert Hall in Mikhoels's memory — the finale of an extraordinary weeklong tribute that was both a celebration and a public act of contrition.

"I agree with Solzhenitsyn, we have not repented enough," Yevgeniy Yevtushenko said. Yevtushenko, whose famous 1961 poem "Babi Yar" mourned the Nazi massacre of Jews in Ukraine and Soviet silence about it, was one of dozens of artists who performed during the festival. "This is repentance for many murdered writers and my two grandfathers, who were just discarded," he said.

Tens of millions died in Stalin's purges, but the assassination of Mikhoels, who was also regarded as the greatest Shakespearean actor of his generation in Russia, has a special resonance in the uneasy Russian conscience.

"The tragedy is that so many great Soviet Jewish figures have been forgotten and eclipsed," said Joshua Rubenstein, the American author of a biography of the journalist Ilya Ehrenburg. He is researching a book on the 1952 trial and execution of some of Mikhoels's closest associates. "There is little left to reflect what they achieved or tried to achieve," he said. "They are remembered only for their deaths."

The festival's 17 events began with a star-studded concert at the Bolshoi Theater on Jan. 5 and included evenings on which some of Mikhoels's former students (who flew in from Israel) sang fragments of songs once performed at the theater. Mikhoels founded the State Jewish Theater, Stalin ordered it closed in November 1948, and it is now known as the Maly Brouni Theater.

All week long there were film clips, readings, discussion sessions about Mikhoels and his work, and myriad concerts and dance performances. "The Diary of Anne Frank" was performed in Moscow for the first time since the so-called Khrushchev thaw in the early 1960s. But except for a modern Russian-language adaptation of Mikhoels's staging of a

musical parable, "The Journey of Benjamin III to the Holy Land," there were no full revivals of his other productions. Yiddish theater is an art long buried and only recently revived in Russia.

"For whom are you going to perform it?" said Mikhail Gluz, director of the Shalom Jewish Theater in Moscow, who organized the festival. "Yiddish is not a language known or understood by the vast majority of Russian Jews. Even at our theater we only do Yiddish songs and dances, because that people can feel, without understanding the words."

There has been an enormous revival of Jewish life and culture in Russia since communism collapsed, ending state-sponsored anti-Semitism. The Mikhoels festival, which was organized by some of the country's leading artists and writers and sponsored by some of Russia's most influential banks and businesses, was a reflection of that renaissance. But the vast gaps in memory even among Jews here only heightened Mikhoels's contribution and what he came to symbolize in death.

He created the first Jewish acting studio two years after the revolution and with support from the Bolshevik government turned it into the acclaimed State Jewish Theater. Throughout the 1920s,

'30s and '40s, Jews and non-Jews flocked to his theater. His "King Lear," performed in Yiddish, was legendary. Mikhoels was a Soviet patriot who believed for a time that he could carve a niche for Jewish culture in the new society.

During World War II, Mikhoels headed the Jewish Anti-Fascist Committee, a propaganda unit of the NKVD, or secret police, that promoted the Soviet war effort among Jews in the West. Mikhoels visited the United States in

"So many served the system and then were destroyed by it."

1943, the first official representative of Soviet Jews ever to make the trip, and raised millions of dollars for Russia. He also tried to help Jews then and later, using his fame and connections.

The Soviet government tolerated the committee's work during the war, but in the late 1940s, Stalin, increasingly paranoid and anti-Semitic, turned against it and its leaders. The committee was closed down in November 1948. On Stalin's order, Mikhoels was killed —

run down by a car driven by a member of the NKVD, which eventually became known as the KGB. Thirteen of the 15 leading members of the committee were tried and executed in 1952.

"It is the tragic paradox of Soviet culture. So many served the system and then were destroyed by it," said Alla Gerber, a writer and former member of the Russian parliament, who was at the show Monday.

The final tribute to Mikhoels was anything but solemn, however. In the vast concert hall, the story of Mikhoels's life, presented in sketches by two well-known actors, was punctuated by variety show dance numbers and songs, garish purple lighting, dry ice and strobe lights. Along with traditional Jewish songs, there was a strong whiff of Soviet kitsch: a Bolshoi dancer performed the dying swan scene from "Swan Lake" to the crooning of Iosif Kobzon, a popular singer. Kobzon, who is Jewish, sang "Shalom Aleichem" and was presented with a special certificate naming him the festival's man of the year.

"The theme is Mikhoels, everything is dedicated to him," Gluz explained. "But the festival is also about Jewish culture. When we started, even Jews said to me, keep it small, keep it quiet and

modest. I said, no, it's got to be big, it's got to be on the highest level."

The sheer size of the festival, the number of famous stars and big-ticket performances, seemed to appeal to many participants. "For those of us who lived through Soviet times, this kind of gala is unimaginable," said Edward Topol, a writer of thrillers who moved to New York in the 1980s and returned to give a reading dedicated to Mikhoels. "Ten years ago, even five, we could not think that this kind of celebration of Jewish culture could ever happen here."

Monday night's dramatic highlight came in the final tableau of Mikhoels's life, Natalya Gundarova, the actress who played Mikhoels's wife, Anastasia, walked to the center of the stage and said, "At this exact time, 50 years ago, Solomon Mikhoels was killed." Seconds later, a black 1940s Volga drove onto the stage and to the sound of screeching tires knocked down huge black-and-white photographs of Mikhoels.

The audience, whose members paid \$10 to \$25 a ticket, was enthralled. "We all took part in this tragedy, all of us older people took part in this," said Kamylia Levin, a 62-year-old engineer. "Even though some of us didn't pay with our lives, we were all a part of it."

MILAN MENSWEAR

Sex and the Modern Male: Buttoned-Up and Touchable

By Suzy Menkes
International Herald Tribune

MILAN — With hips swaggering, legs straddled apart in hug-me-tight pants, you knew just what the Gucci model was thinking behind his sleek black shades. And what was on designer Tom Ford's mind.

Sex and the modern male is on the agenda of the fall menswear season. After a period of Plain John fashion — minimalist sportswear cut on straight lines — the peacock male is back. But designers who catch the spirit have a fresh take on sexuality, which is absorbed into the cut or the strokeable fabrics.

"It's buttoned-up sex — quite classical," said Ford, even though his own shirts are famously unbuttoned and his runway wit this season included the ultimate hairy chest — encased in fur-trimmed tuxedo lapels.

The Gucci show pulled off a neat trick: showing classic, even familiar, pieces like an iridescent suit or camel coat, but inserting sportswear and giving all the clothes a spin by focusing on erogenous zones. That meant homing in on the thighs, as cargo pockets were cut sleekly into suede pants, or the pectorals, when a two-way zippered jacket, in glossy, padded leather jacket, opened up and down from the breastbone.

Ford reinvented Gucci's recently despised red-and-green canvas webbing as the sexy signature of the season. You are turned on by a man's ankle? Then you will love the black denims, cuffed to show a flash of red and green on the inside seam. You like to grab a man by the waist? There was a webbing belt under a soft textured sweater and a tab on the back of jeans. All these individual pieces looked like must-haves for a hip, modern wardrobe, and showed Ford in top form.

Jean Paul Gaultier did gods, those club scene vampires whose long hair, ghostly pallor and dangling crosses are back in fashion. But for the French designer's second season in Milan, an overall focus on religion gave him a rare chance to play on the classics.

As a church choir sang and votive candles dripped against a cardinal-red curtain, out at a reverent pace came impeccable suits, in stone gray with lighter lapels and cuffs, pinpoints in Gaultier's signature coffee-latte colors and plain, clerical coats. Sure there was a hologram here, an animal-skin pattern there, and a sudden smoldering of cheek tweed, but they were fabric effects rather than external distractions.



Gucci's jean jacket and skinny pants.

The quirky and subversive Gaultier is recanting? Precision cutting to the body and dark satanic prints made the show more about sex than saints. Missoni had drawn a veil over its stained-glass windows of pattern and color. Instead of bright

hues, the weaves were dulled and the signature knits — a hooded jacket or a newly military-style sweater — even came in solid colors, although with patches of tone and texture. Worn under leather jackets or brief dark coats, the subtle palette gave a new urban edge to the clothes and the graphic patterns became city camouflage.

By cutting on lean lines, so that a textured shirt slid into skinny pants and zippers fastened the subtly patterned knits, Missoni proved how successfully it is playing the re-generation game.

The American designer Richard Tyler is also turning around Byblos, integrating soft-to-handle sportswear pieces with youthful tailoring. Other smart mixes: primary yellow, blue and red splashed on a gray palette, and athletic hooded tops or zippered knits in luxurious fleecy fabrics.

Against all this low-key, modern hipness Gianfranco Ferré's sweeping collection came as a shock, with its sweeping coats, embroidered leather shirts and jackets with (and evidently for) snobs. Luxurious, bravura sportswear is Ferré's thing and a lot of skill goes into creating the fancy finishes on laminated raincoats, the sweaters with stitches tracking in different directions, the crocodile effects and deep-pile velvets. But that contrasted with the easy simplicity of the active sportswear ranges on still-life display before the show.

If there are still customers around for he-man glamour, Ferré had the ultimate outfit: white jeans with hairy shearing apparently escaping at the waistband.

The hedonistic pleasure of touch-me fabrics is a big story in Milan menswear. Fendi sent out a swashbuckling black oyster coat fully lined with beaver and a long-haired opossum greatcoat.

"Strength and virility — I want everything to feel like a sweater and to take comfort to a luxury level," said Donna Karan as she showed her supple unlined jackets, felted tops with raw edges and super-soft sweaters in boiled cashmere. Karan's fine collection defined what is sexy and modern in men's fashion: sharp cutting, often by laser, in tactile fabrics.

"Sport couture" was the name Dirk Bikkembergs gave to his sharp-but-soft sportswear. Showing for the first time in Milan, the Belgian designer made his signatures, from zippers through leather pants and trim knits, seem modern classics.

Romeo Gigli still believes in color and a mix of patterns. He must be credited with introducing the velvet suits that are now on every runway. Gigli's had their usual endearing bohemian elegance.

PEOPLE

THE Spice Girls — "five

candy-colored beauties trapped in fashion waste" — topped the fashion designer Mr. Blackwell's annual list of worst-dressed women. Ellen DeGeneres, star of the TV series "Ellen," placed second. "Comedy Queen Ellen needs to make an overdue wardrobe change, and throw those baggy fashion bombs back in the closet," Mr. Blackwell chided. Madonna was third this year. "Let's be blunt," Mr. Blackwell said. "Yesterday's 'Evita' is today's 'Velvet'." Rounding out the top five were the actresses Pamela Anderson Lee ("looks like a Martian Venus — in search of a shell"), and Jennifer Tilly ("Tilly the tornado has arrived. She's El Niño — in heels").

Tenth place went to a man: the cross-dressing rocker Marilyn Manson. ("He looks like Alice Cooper doing 'Rosemary's Baby.'")



Romance and diplomacy: Pete Peterson and Vi Le.

The American film director Martin Scorsese will preside over the jury of the 51st Cannes film festival, the organizers announced Wednesday. Scorsese is a favorite at the annual festival on the French Riviera, where seven of his movies have been in competition over the years. In 1976, "Taxi Driver" won the Golden Palm, and "After Hours" earned the prize for best direction in 1985. This year's festival will run from May 13 to 24. Clint Eastwood and Michael Douglas will receive honorary Oscars — the French film industry's equivalent of the Oscars — for their work in movies, Eastwood as director and Douglas as actor.

Pete Peterson, the U.S. ambassador to Vietnam, has announced plans to marry the Saigon-born Australian diplomat Vi Le. Peterson, 62, a widower, returned to Hanoi last year as Washington's first envoy to communist Vietnam. During the war he was held in the notorious "Hanoi Hilton" prison after his plane was shot down at the North Vietnamese capital. Le, a 41-year-old commercial officer for the Australian Embassy in Hanoi, left

Vietnam with her family when she was an infant. They eventually settled in Australia, where she became a citizen.

Sir Colin Southgate, chairman of EMI, whose top money earners include the Spice Girls, has been named by Culture Minister Chris Smith to take over the financially troubled Royal Opera House in London. Lord Chaddington, the previous head of the opera, resigned after a parliamentary committee accused his board of incompetence. The house is shared by the Royal Opera and the Royal Ballet, which are homeless for two years while the Covent Garden building is renovated.

Sylvester Stallone made good on a promise he made when his daughter underwent surgery, at 2 months, to repair a hole in her heart. Stallone donated \$200,000 to The Heart of the Child Foundation, which helps youngsters with congenital heart defects. He made the gift in the name of his daughter, Sophia Rose.

Crown Princess Victoria of Sweden, who was recently confirmed as having an eating disorder, has changed her plans to study at Uppsala University and fled to the United States to escape the Swedish press, the palace in Stockholm said.